Wednesday July 17 1985

EUROPE'S BUSINESS NEWSPAPER

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World news

EEC deal Indesit on cereal prices proposed

The European Commission proposed a face-saving deal to resolve posed a face-saving dear to resource the REC cereals' price dispute at talks in Brussels

Although EEC farm ministers failed to reach a unanimous agreement on price cuts, a package of measures was put forward, which, it was hoped, would appease West German farmers.
Critics saw the agreement as a

further departure by the Commission from its original demand for price cuts of 3.4 per cent.

Arms talk deadlock The U.S. and the Soviet Union end-

ed the second round of their new arms control talks with no hint of

Sino-Soviet pact

Chinese Vice-Premier Yao Yilin returned to Peking from the Soviet Union after signing a \$14bn, five-year Sino-Soviet trade agreement.

Naval build-up

and submarines, that has been Monday's recovery. The Financial building up over the past 10 days, is gathering for a military exercise in the East Atlantic, Norwegian the East Atlantic, Norwegian again. Page 38

Pasta subsidy cut

European Community farm ministers agreed to cut subsidies on pasta exports to the U.S. in an effort to avoid a transatlantic spaghetti

Rebel offensive

fensive with heavy casualties, West- GOLD rose \$3.25 on the London bul-

Nicaraguan force

Nicaragua has created an elite new credits this year to supplement pulck-reaction military unit trained to fight any U.S. invasion force, Interior Minister Tomas Borge said. terior Minister Tomas Borge said.

Contaminated wine

More than 1,000 bottles of Austrian wine containing anti-freeze has been found in Switzerland. Meanwhile West Berlin impounded all wine from Austria held by importers in the city.

Kohl accused

West German Chancellor Helmut Kohl will appear before a corruption inquiry on Thursday to answer allegations that he was involved in a tax swindle while a local-govern-ment leader in the 1970s.

Rioting continues

South African police said they shot dead a pregnant black woman dur-ing rioting at Withank, east of Johannesburg, as disturbances continued in the country's black town-

Ramming protest

The U.S. protested to Soviet military authorities over the ramming by a Soviet army truck of a U.S. ve-hicle carrying members of the American liaison team in East Ger-

income, the UN women's conference in Nairobi heard.

Novelist dies

Heinrich Böll, the Nobel Prize-winning West German novelist, died after surgery in Cologne. He was 67.

Test match draw

Cricket: England and Australia able for this edition because of the drew the Third Test match at Trent Bridge, Nottingham.

loses record **L106bn**

Business summary

INDESIT, Italian white goods group, disclosed record loss of L106bn (\$57m) for 1984; dismissed and replaced its entire board; but said that negotiations with a poten-tial rescuer were advanced. Page 17

DOLLAR was slightly firmer in London, closing at DM 2886 (DM 2877), SwFr 2393 (SwFr 2392), FFr 8.7575 (FFr 8.7475) and Y237.7 (Y237.85). However, on Bank of England figures the dollar's exchange-rate index fell to 138.2 from 138.4. Page 31

STERLING showed little overall change in London, closing at \$1.388 from \$1.3885 previously. It also eased to Y330.0 (Y330.25), was un-changed at SwFr 3.32 and rose to DM 4.005 (DM 4.0) and FFr 12.165 (FFr 12.145). The pound's exchangerate index was 83.1 from 83.2.

WALL STREET: At 3pm, the Dow Jones industrial average was up 8.63 at 1,344.09. That compared with the previous record closing high of 1,338.60 set on July 12. Page 38

A force of about 40 Soviet warships LONDON equities lost ground after

TOKYO shares advanced for the first time for seven sessions. The Nikkei-Dow market average added 99.49 to 12,698.28. Page 38

BRUSSELS share prices fell sharply as concern grew among investors about the crisis in Belgium's coali-tion government. The Brussels stock exchange index fell 33 to 2,296.46, its lowest level since May Afghan guerrilla attacks on com-munist military posts in the Panish-er Valley have developed into an of-5,580 during heavy trading. Page 38 lion market to \$319.75 and \$1.00 in

Zurich to \$317.25. Page 30 POLAND is seeking up to \$800m in

SWEDEN has granted a 21/2-month moratorium on the debts of Consafe, the ailing offshore service company. Page 17

WEST GERMAN Federal Cartel Office yesterday approved the Flick group's planned sale of its arms manufacturing subsidiary, Krauss-Maffei, to a consortium including MBB, the leading aerospace and defence concern. Page 17

LATIN AMERICAN and Caribbea unions meeting in Havana pledged overwhelming support for Cuba's proposal that the region's huge foreign debt should be cancelled.

CROCKER NATIONAL, UK Midland Bank's troubled U.S. subsidiary, managed to post a further modest improvement in second-quarter net earnings to \$9.5m from \$6m, despite a continuing high

burden of problem loans. SIR JAMES GOLDSMITH, Anglo-French financier, has increased his stake in Crown Zellerbach, the U.S. forest products company, from 26 to 35.6 per cent with share purchases in the market costing around

TEXAS Commerce Bancshares reported a 33 per cent drop in second-American liaison team in East Germany.

Woman's lot

Woman do two thirds of the world's

American liaison team in East Germany.

Ported a 35 per cent two in its of interpretation of the sharply higher results produced by other U.S. banks including Citicorp, Security Pacific, Mellon and Wells Fargo. Page 17

work but receive only a tenth of its BAXTER TRAVENOL, the U.S. medical products group which earli-er won control of American Hospital Supply with a \$3.8bn agreed bid, yesterday reported an 8 per cent decline in second-quarter earnings.

> WE REGRET North American failure of a computer used by our

Brussels lifts steel aid deadline but tightens conditions

BY QUENTIN PEEL IN BRUSSELS

THE EUROPEAN Commission yesterday accepted that government subsidies to EEC steel producers would have to continue beyond December 31, when all state aids

Mr Peter Sutherland, the Commissioner responsible for competiwould have to be tied to plant closures, environmental schemes or research and development. Outright operating subsidies, and aids stment will be banned from that date if the Commission propos-

als are approved. The retreat from the Commission's previous absolute insistence on phasing out subsidies from the end of 1985, when the current fiveyear restructuring programme for the industry runs out, was spelt out by Mr Sutherland and Herr Karl-Heinz Narjes, the Industry

They outlined their plans for a three year programme of gradual relaxation of the quotas and con-trols affecting the European steel industry, including special provi-sion for continuing state subsidies

for plant closures.

Their plans, to be presented to

EEC industry ministers in 10 days'

poncy, include:

Ending the present minimum price system for steel products;

British Steel Corporation made a "clear operating profit" in the first quarter of 1985-86 which be-gan on April 1, for the first time in more than a decade. Last year the corporation made a pre-tax loss of £404m (\$560m). News an-alysis, Page 8; Lex, Page 16

time, aim to ease the industry back to free competition after the drastic restructuring of the past five years, during which time capacity has been reduced by some 32m tonnes. and 200,000 jobs have been cut. But Brussels still wants to achieve further cuts in surplus capacity, which the Commission esti-

hot-rolled steel The new programme would come into effect after December 31, when all current investment and operating subsidies to EEC steel companies are supposed to finish.

mates at some 20m to 25m tonnes of

The key features, outlined yester day by Herr Narjes, Mr Sutherland and Mr Grigoris Varfis, the Commissioner responsible for regional

 Two-stage phasing out of production quotas, first for long products 18 months to two years, and for flat products by the end of three years; Prohibition of investment and operating aids from December 31: Permission for special state subsidies for environment protection programmes, research and develop ent, and for plant closures; and Increased and better co-ordinat ed spending on regional and social programmes in areas hit by steel

Mr Sutherland said the aid for plant closures was necessary because of the continuing overcapaci ty of the industry in the EEC, in spite of its success in meeting the Commission target of 30m tonnes of capacity cuts for hot-rolled products by the end of the year.

Such subsidies would be very strictly controlled, he said, in accordance with the determination of the Commission not to allow any distortion in the conditions of competition in the marketplace. They would have to be limited to meeting the immediate costs of

Continued on Page 16

German growth 'unlikely to ease unemployment'

BY RUPERT CORNWELL IN BONN

over the next 18 months may have little effect on the country's stub-bornly high rate of unemployment, the Organisation for Economic Cooperation and Development OECD) warns today. The Bonn Government is firmly advised against complacency."

Western Europe's most powerful economy, the Paris-based OECD compliments the centre-right Bonn coalition on its "satisfactory" macro-economic performance since takthe reflationary measures advocated by other analysis to create new

jobs.
The report, however, does betray the fears of the OECD secretariat count surplus. that the current upswing may be

STEADY, unspectacular growth too heavily dependent on exports. It rent surplus will practically double which is likely in West Germany also lists a series of structural improvements, including a real cut in jump further in 1986 – on the basis subsidies and greater privatisation, of unchanged policies and exchange which Bonn, in the OECD's view, rates - to \$18.5bn.

has so far falled to wish through. Exports are set to grow by 7.5 and. The short-term forecasts of the 6.7 per cent in 1985 and 1986 respec-OECD conform broadly with those of the Government and most indeof the Government and most inde-pendent economists. Growth is like-a result, "the real foreign surplus ly to reach 2.5 per cent this year and 2.8 per cent in 1986, with the slight acceleration due to the DM report suggests.*

11bn (\$3.82bn) of tax cuts due to Despite a predicted surge in Spending on machinery and equipage of the German industry, domestic to the DM report suggests.*

ing power in the autumn of 1982, hover around 2.3 per cent, while the tic demand will remain sluggish and steers clear of any overt call for combination of sustained internations of sustained internations. tional competitiveness and an expanding world market is likely to see further increases in West Germany's already massive current-ac-

The OECD reckons that the cur-

tively, compared with growth of on-

hind that is the slow growth of pri-vate consumption, for which the Continued on Page 16

sbank call on financial frontiers, Page 16

Baudouin rejects resignation of Martens coalition

By Quentin Peel in Brussels

BELGIUM'S four-party coalition government yesterday tottered but failed to fall, after King Baudouin refused to accept the resignation of M Wilfried Martens, the Prime Min-

ister.
M Martens's move followed the resignation on Monday night of six Cabinet ministers in the political row over responsibility for the foot-ball tragedy at the Brussels Heysel stadium in May.

The Belgian Premier persuaded his bickering colleagues to remain in office long enough to complete the key parts of the Government's nic programme - with the promise of a general election in October, two months early.

The dramatic events of the day

began with an emergency Cabinet began with an emergency caomer meeting at which M Martens failed to reconcile the two warring French-speaking factions in his administration – the Liberal Reform Party (PRL) headed by M Jean Gol, and the Social Christians (PSC) headed by M Charles-Fardinand headed by M Charles-Ferdinand

The two parties were at logger heads over the refusal of M Nothomb to resign as Interior Minis-ter, and thereby take personal re-sponsibility for the failure of the Belgian police to prevent the tra-gedy at the Heysel stadium when 38 fans died in the crowd at the Liverpool-Juventus European Cup final, M Gol and five Liberal colleagues

resigned in protest.

M Martens immediately left the Cabinet meeting for the Royal Palace, where he presented his Gov-ernment's resignation, only to have it placed "in abeyance" by the Belgian monarch.

After further consultations with the party leaders, King Bandouin formally rejected the resignation of the centre-right coalition, and instructed the Prime Minister to car-

The outcome means that both M Gol and M Nothorab will continue in office as deputy prime ministers, and postpone their public argu-ments until the October election. when both will compete for the con-servative votes in Brussels and the

M Martens said last night that the reprieve would mean his Gov-ernment could complete the key parts of its economic recovery programme, including tax cuts currently before the Belgian parliament. and simultaneous trimming of the 1986 budget. Constitutional reform measures are also on the way. He blamed the "catastrophe" in

Continued on Page 16

UK reverses policy on iob relocation

BY JOHN LLOYD, WILLIAM DAWKINS AND PETER RIDDELL IN LONDON

BRITAINS Conservative Govern-ment said yesterday that it would culties middle managers from Scotuse state funds to encourage companies to shift orders away from areas of relative prosperity, such as south-east England, to areas of par-

ticularly high unemployment. their inability
That is an explicit reversal of the their families. Government's favoured philosophy of workers moving to growth areas for jobs. The latter was succinctly expressed when Mr Norman Tebtold the House of Commons of his father, unemployed in the 1930s, mounting his bicycle to seek work.

Mr King, the current Employment Secretary, told a Confedera-tion of British Industry conference in London yesterday that "the famous 'on your bike' approach... has its limits."

Mr King plans to use part of the substantial funds available to his department and to the Manpower Services Commission - now reaching £36m (\$50m) - to lure company orders away from areas where high order books coincide with growing skill shortages. The funds would be targeted on training workers in high unemployment areas to enable them to fill the orders that would be redirected to factories near them.

Mr King said that "on your bike" still worked for many - but that "there are obvious limits to this and clear problems for many people about moving." Mr King has been

land and Northern England have found in obtaining employment in south-east England - especially over the high cost of housing and their inability to afford a move for

In a separate move aimed at increasing employment, Lord Young, minister with special responsibility for job creation, is to create a cenbit, then Employment Secretary, tral task force charged with reducing the burden of official red tape on businesses and simplifying ex-

isting controls. The new task force was announced yesterday as part of a package of almost 80 measures in a Government White Paper (policy document) on deregulation.

"Regulation remains a major obstacle to the growth of enterprise and employment," according to the document. "All regulations have a cost, and very often that cost is someone else's job," Lord Young The document received an enthu-

siastic welcome from business lobby groups, tinged with caution over e real extent of the new task force's powers.

Business plea for job creation; UK industrial production flat, Page 8; Editorial comment: Rising tide of unemployment, Page 14; Lex, Page 16

Athens to buy ailing Hellenic Shipyards

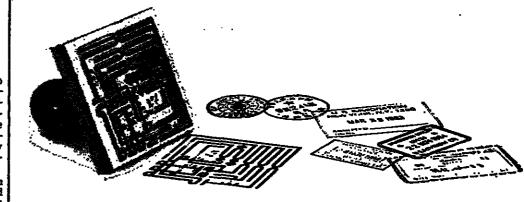
BY ANDRIANA IERODIACONOU IN ATHENS

THE GREEK Government is to buy protracted and difficult negotia-the ailing Hellenic Shipyards, tions for the shipyard purchase, owned by Mr Stavros Niarchos, with Hellenic's management de-which suspended operations last manding \$14m and the Government April with the threat of 4,800 jobs offering \$10m. cuts because of heavy losses and . The Socialist Government was chronic strike problems.

ment, and the shipyard's manage-ment, said only that a final agree-The Socialists have been relucment, said only that a final agree-ment on the purchase will be signed tant to add Hellenic Shipyards to by the end of July.

believed to have questioned figures A terse statement issued jointly given by the shipyards manage-by the state-run Hellenic Industrial ment which put the net worth of the the negotiations for the Govern- to \$20m, of which 60 per cent is in

the total of more than 30 over-bor According to a Hellenic Ship-yards spokesman, all the main re-quirements for the purchase, in-cluding the price, have been agreed. But neither the yard's management not allow the yard, one of Greece's nor the Government would reveal largest industrial employers, to details. The price was known to close down because the political have been one sticking point in the cost would be too high.



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Israeli general strike averted

BY DAVID LENNON IN TEL AVIV

THE ISRAELI Government averted the threat of a general strike yesfor the next nine months, which will soften the impact of the new

austerity programme on wage-The agreement reached in the early hours of yesterday, provides graduated compensation for inflation during the coming months which will be less than would have been paid to workers under the ex-

isting payment agreement.
At the same time, the new pact does offer the earners larger rises than had been provided for when the Government announced its austerity measures two weeks ago. The softening of the Government's plans came in the wake of

selective strikes during the past 10 days and in the face of a threatened unlimited general strike from yes-terday if no deal had been reached. Mr Yitzak Modai, the Finance Minister, insisted yesterday that the wage increments agreed fell within the parameters of the original government proposal which the Cabinet had intended to impose by

However, the Histadrut trades The indexation that made it so union federation's central commit-difficult to curb Israel's inflation terday by signing an agreement tee approved the new agreement and which stems basically from def-with trade unions over wage levels yesterday, a clear indication that it icit financing, by the Governmenttee approved the new agreement and which stems basically from defwas pleased with the deal and the will have been neutralised if the Government's agreement to aban- plan works. That explains the Predon the idea of using emergency decrees to set wage levels.

Mr Shimon Peres, the Prime

Minister, who threw his weight behind the new plan and personally conducted negotiations with the Histadrut, said: "Inflation has been stopped." He added: "There will be a few difficult months ahead, but these are the months which can bring a turnround in the economy. The agreement sets out the levels of compensations which wage-earners will receive between now and

March 1986, provided inflation de-clines a monthly level of 2 per cent by the autumn, as predicted by planners of the new programme.

The plan calls for a three-month freeze of wages, prices and the ex-change rate, with the aim of reducing inflation from the current monthly level of at least 15 per cent. If that is achieved, the long-standing arrangement linking wages automatically to the cost of living in-

dex will be severed.

mier's optimistic, and possibly premature, declaration that inflation is dead.

Marathon negotiations, which ended at 5am yesterday, produced agreement on partial compensation for inflation in the coming months that lies somewhere between what the Government thought and the

Private sector workers will receive a 14 per cent pay increase in August, as the Government origi-nally offered. In addition, they will get a 12 per cent pay rise in Septem-ber. Tax brackets will be amended in October, and there will be a flat rate 4 per cent increase in December and January pay packets and 3.5 per cent in February.

Meanwhile, negotiations will continue between the Government and the Histadrut on compen wage erosion in the public sector and also on the Government's plan to dismiss 10,000 workers.

Frankfurt printers.

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Eureka's guiding hand adds a sense of adventure

tousle-haired and earnest young French sociologist who first made his name as the author of comparative studies on how France and the U.S. reacted to the arrival of the telephone. If any one French hand has shaped the technical planning behind the Eureka project, it is his

M Stourdze would not claim to be the initiator of the Eureka idea. The credit for that goes to M Jacques Attall, President Francois Mitterrand's right hand man on international argued that growing European worries over the U.S. Strategic Defence Initiative (SDI) and over America's lead in high technology provided an opening for the launch of a project for European collaboration that the

a former professor at Paris Dauphin university. He was the main French representative on the inter-national commission on tech-nology, growth and employ-ment established in 1982 by the Versailles summit of industrialised nations to track potential technological developments up

to the year 2000.

The further defining of what

Stourdze has had a role in attempting to transform M Mitterrand's faschation with the white heat of the technological revolution into a more workaday reality.

M Stourdze, 37, is head of the Centre d'Etudes des Systemes et des Technologies Advances (Cesta) set up in 1982 through M Mitterrand's support as a futuristic institute to assess and promote high technology. He is a former professor at Paris

In the second of two articles in advance of today's ministerial meeting, David Housego talks to a

French sociologist who helped shape the proposal.

French sociologist who helped shape the proposal.

White European industry might collaborate. It also prepared the valley).

He also believes that high technology must involve collaboration between the giants of industry like IBM. Oliverti

the breaking down of barriers between different specialisa-tions and industries that until recently have had few points in

Soviets

discover

its first significant oil find in

It also requires the bringing together of people of different intellectual backgrounds, European collaboration that the French have long had up their sleeve.

In the circle of advisers and specialists on whom the President draws, however, Market and officials to discuss the guages and culture is as much M Stourdze says it requires a new management approach to new management approach to encourage small heterogeneous teams free from bureaucratic procedures. "There is a touch of genius everywhere. The diffi-

culty is bringing it together." ture, passion, conviction."

Research, he says must be He organised the first conlinked to production and distriference that gathered together.

potential range of projects on which European industry might collaborate. It also prepared the white paper of French proposals for today's minitored technology must involve collaboration between the giants "Eureka — the Technological Renaissance of Europe."

These activities have helped strengthen M Stourdze's belief that high technology involves the financial difficulties of elections which proposed to a comparing to a convolvent that high comparing to a convolvent that high the mixture of large and small corporations backed by state support that he thinks will be needed to make Eureka successful. "You need small speed-boats, but you also need aircraft carriers. And with them and Philips, the smaller Silicon Valley-style high-risk ventures, and governments (he points to the direct support of the Presitent of the president, the Prime Minister and voy the mixture of large and small corporations backed by state support that he thinks will be needed to make Eureka successful. "You need small speed-boats, but you also need aircraft carriers. And with them vou need helicopters as well."

Tollowing his work on the conduction of the inaccessible."

Following his work on the composition set up you need helicopters as well."

Cesta founded, not with standing budget stringency, through the direct support of the President, the Prime Minister and the Minister of Industry and Research. It has given M Stourdze the chance to put his ideas into practice. tronies companies such as Trilogy, Gavilan, Atari and Osborn in the U.S. and Acoru and Sinclair in Britain to argue that smaller firms cannot go it

In the old Ecole Poly-technique buildings in the Rue Descartes, he has rooms where

Research, he says must be linked to production and distribution.

He has a knack of finding a from every field — medical, striking image to convey his thoughts, comparing to a convoy the mixture of large and small corporations backed by environments such as outer the first continuous control of the formal control of the first control of the fi

technology commission set up after the Versailles summit, M Stourdze concluded that the U.S. commitment to free trade was largely negated by its equally strong determination to prevent technology transfers that might be of military value to the Soviet

Union.

He argues that military value is difficult to define at a seven-year-olds can study robotics, and software libraries for teachers. To the newcomer he describes Cesta as "adven-

sald countries were ready to

torn apart." Almost all civilian technology could be considered as having a "confidential defence" value, he says.

It was only a short step to Eureka from this assessment of the U.S. reticence to collaborate with its partners in high technology areas, he says.

He lists three priorities for

Europe: a programme to pro-vide a space station, a rocket and a space shuttle; an energy programme including the development of a fast breeder reactor; and, most difficult of all programmes to organise Europe-based projects in chips, computers, biotechnology, new materials, robotics and artificial intelligence.

M Stourdze's model for European co-operation is the Airbus or the European Space Agency, which provide a "variable geometry" of parti-

that purchases of goods be pre-

France reports FFr 1.9bn June trade surplus

a visible trade surplus of It had averaged FFr 17.3bn FFr 1.995bn (£164m) last month a month during the first five on a seasonally-adjusted basis months of this year and and a stable rate of unem- FFr 15.6bn a month last year. These results will bring some comfort to the Socialist Govern- of this year.

ment of M Laurent Fabius who became Frime Minister exactly a year ago today. The tracie surplus follows a

string of consecutive monthly deficits so far this year and reflects a big improvement in the country's energy trade deficit.

The June trade surplus brings the cumulative trade deficit to about FFr 14.3bn in the first trade deficit or a modest declining trend to the country's energy trade deficit to a modest declining trend to the number of job-seekers iast mouth totalled just over 2.4m or about the same level as at the end of last year. French unemployment has shown a modest declining trend

half of this year. The cumula-tive deficit had stood at FFr 16.3bn at the end of May after a May deficit of FFr 1.2bn and a bad April trade deficit of

The latest trade figures back up a recent French economic forecast of an overall deficit this year of about FFr 20bn, or similar to the trade deficit in 1984. Exports in June showed a slight 0.1 per cent improvement over the previous month, while imports were 4 per cent

The major factor to swing the June trade figures back into surplus was a sharp decline in the energy deficit which the control of the control surplus was a sharp decline in per cent and that unemploy-the energy deficit which totalled ment was likely to rise again

unanimous agreement on a 1.8 per cent price cut, a package of

management measures tabled

Herr Ignaz Kiechle, the West German minister, to sell the compromise to his farmers. The trade-off means that

West Germany can continue to

claim that it has stood by its

refusal to sanction the price cut, but has nevertheless won

concessions from Mr Frans Andriessen, the Farm Com-

missioner. In return, Bonn will concede that the Commission

was within its powers to force through the price cut despite

the West German veto, and will

drop its threat of legal action.

The Commission's new measures, however, will further

reduce the little impact the I.8 per cent price cut was intended

to have. And the final unofficial agreement will be seen by

by the Commission from its

proponents of a strict price mission had all policy as a further departure right to take

by the Commission will allow

Compromise ends dispute

A FACE-saving deal to resolve original tough demand for cuts

the four-month-old EEC of 3.4 per cent.

The management measures that led to the breakthrough involve a reduction by one month in the four months' delay period between the date

Although the farm ministers failed once again to reach unanimous agreement on the same time to the farm munity stores and the com-

over **EEC** cereals prices

oil in Caspian FRANCE yesterday reported FFr 13.2bn last month. THE SOVIET UNION has made

> deep water in the Caspian Sea, the Soviet news agency, Tass, The cold winter pushed the energy bill up in the first part The well, 100 km from the city of Baku, yielded 2,500 barrels a day of crude at a depth of 123 Unemployment figures re-leased by the Labour Ministry

> yesterday show a slight drop in the number of people looking for jobs in France in June and The Soviet Union is giving in-creased priority to offshore drilling for oil in the Caspian Sea, off Sakhalin Island in the Far East, and in the Baltic. That is to make up for a slight fall in oil production to 613m tonnes last year.

> The only Soviet offshore oil production at present is in shallow water in the Caspian but there are in the present is in shallow water in the Laspian but the area by the end of the present of the pres shown a modest declining trend so far this year, except for January and May. However, the Government's community work and job train-

community work and job training programmes have helped soak up a large number of young people who would otherwise have been included in the New shippards at Baku and Astrakham on the Caspian Sea and Bytong on the Baltie can produce platforms and rigs but significant orders for offshore equipment and expertise are ex-pected to be placed abroad. Despite the latest trade and unemployment figures, the overall economic picture remains uncertain.

Only last week, the French ational statistics institute,

munity stores and that on which they receive payment for

it. For small farmers this will be cut by two months.

the value of this saving is equivalent to a one percentage point reduction in the price cut for each month the payment

delay is reduced.

The Commission has also

agreed to special sales of 3m tonnes of medium quality wheat

at a 5 per cent premium over

the new prices at the end of the

According to some analysts,

Tass said that 14 offshore of osits were now being exploited in the Caspian.

Meanwhile, it was ann in Moscow yesterday that Soviet scientists, technicisms and engineers would be able to get \$0 per cent increases in pay under a new system of bonuses under a decree of the Communist Party

The aim is to link more closely the performance of technicians with their pay. The lack of such incentive payments has been blamed for a lack of interest at plant level in the introduction of modern technology.

Local enterprises will have a limited ability under the new de-cree from the start of next year to increase or lower the salaries of technical staff according to their performance.

Finland signs fertiliser deal with Pakistan

By Oill Yirtanen in Helsinki

season. Carry-over payments. FINLAND'S state-owned fertilisused to breach the seasonal fall in prices at the beginning of each harvest for stocks still in er company, Kemira, has signed a FM 660m (\$110m) bilateral trade agreement with the Pakis-tan Government. The deal runs store, have also been revived. Defending his decision, Mr Andriesen said last night that to the end of 1986 and will also involve substantial trading with the measures were not concessions to the West Germans, but third countries.

simply protective options for smaller farmers that the Com-Kemira's fertiliser exports will mission had always reserved the account for a third of the total FM 330m exports. The rest consists of other Finnish products EEC farm policy, Page 15 tal and oil-drilling equipment and earthmoving machinery as

> Pakistan will fill its quota by exporting cotton textiles, leather and other commodities.

The deal more than doubles the trade agreement Kemira and Pakistan have for 1984-85. The level was raised at the request of Pakistan, which was anxious to increase trade without the need for hard currency.

Norwegian credit target exceeded

By Flemming Dahl in Oslo LOANS GIVEN by Norwegian commercial and savings banks in January-June this year amount-ed to NKr 18.2bn (\$2.2bn) al-though the Government had almed at NKr 8.3bn.

The figure also exceeded the NKr 17.5bn which the Government had set for 1985 as a whole. Norway's Minister of Finance, Mr Rolf Presthus, said he expect-ed credit market measures intro-duced last month to show the re-

New chapter opens in Poland's debt saga

THE SIGNING this week of an THE SIGNING this week of an agreement rescheduling Polish debt repayments due to Western governments between 1982 and 1984 may close a chapter, but it by no means ends the story of the country's tussel with its Western debt which is everyted to reach which is expected to reach \$30bn by the end of the year.

Talks on the agreement, put-ting off repayment of \$11.3bn for 11 years with a five-year grace period, have dragged on for two years, and even as it was signed there are doubts

to make a breakthrough in talks with its main creditor banks on

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

YUGOSLAVIA SEEMS poised chaired by Manufacturers Han-

Poland is seeking \$600m round is seeking 5000m-8800m in government-guaran-teed trade credits from the West to bolster its economic growth potential in the wake of Monday's debt rescheduling accord, writes David Marsh in Paris.

Mr Stanislaw Nieckarz, the Polish Finance Minister, said yesterday that the agreement made no explicit mention of new credits. Polish officials

was signed there are combined whether even this year's payments can be met. There is also \$1.5bn worth of payments to \$1.4bn. And 1985 is the first western governments falling due next year which have to be the hanks in 1981.

be more forthcoming. But, even so, Polish officials caution that there are practical difficulties in arranging and drawing down trade credits by the end due next year which have to be rescheduled, and repayment of \$600m of 1986 debt to be put off.

Warsaw has assumed that the

Under this week's accord with the Paris club some \$1.3bn will have to be paid by the end of the year. Polish finance officials say that although hard currency export earnings after five months are 5 per cent behind last years, the planned \$2bn payments surplus for the year is within reach.

But there are also agree-

over and could agree final terms of the rescheduling. Such agreement would come

BY WILLIAM DULLFORCE IN GENEVA

nuclear arms talks here yester- could quit the talks.

was ultimately in the credi-tors' interest.

of this year. w For the present, Poland hopes the way is now open to currency export earnings last trade with the West. This means 36.3hn thanks to record foreign that with the chadow of the calculation of the calculations and and the calculations are the calculations and and an an larger rely that, with the shadow of the sales of coal, can no longer rely outstanding 1982-84 debt re- on growing sales of raw

There may no longer be de- ports can only grow by a 1-2 mands by Western suppliers per cent at the most.

Geneva arms negotiations recess

THE U.S. and the Soviet Union (SDI), the so-called Star Wars The talks have been stalled

ended the second round of their programme, the Soviet Union since their beginning in January

day with no hint of any progress having been made but Kampelman, the U.S. chief has been said that only a summaries by the chief negotiators

over the Soviet insistence that the U.S. renounce its SDL It Kampelman, the U.S. chief has been said that only a summaries by the chief negotiators

over the Soviet insistence that the U.S. renounce its SDL It Kampelman, the U.S. had been said that only a summaries by the chief negotiators.

since the resumption of the on polemics on the Soviet side. Shultz, the U.S. Secretary of talks on May 30. He reminded them of a statement by Mr talks on September 19 with Mikhail Gorbachev, the Soviet leader, at the end of last month, that if the U.S. continued with the state of the continuing determination to obtain "an effective, equitable the new Soviet Foreign Minister, in Helsinki at the end of this its Strategic Defence Initiative Kampelman concluded.

ing negotiations. The payment is due in smid-Angust.

This could still cause the new round of talks to break down

In last week's talks Yugo again, but one positive sign is

paid, and some short-term trade provide tresh credits to con-firm the resumption of normal economic relations, but decredit may be made available. The agreement should also open the way to industrial co-operaclined to give any details.

Mr Nieckarz said even the tion with the West which under-pinned Polish exports in the 1970s whereby Poland provided components for goods assembled in the West, or itself put to-U.S., which has been fore-most in refusing to link the issue of new loans to the rescheduling deal, knew that the provision of fresh money gether in the wake of sanctions which followed martial law in 1981. There is also evidence of a revival of interest in Poland as a trade partner. A record number of Western businessmen attended last month's Poznan trade fair. The word has got round that, despite its parlous economic position, the country ties in arranging and drawing down trade credits by the end last year still purchased \$4.8bn worth of goods and the payents were prompt.

Clearly Poland, whose hard outstanding 1982-84 debt removed and payments to Western
banks running more or less
smoothly, the country's credit
rating will inch itself off the
growth in hard currency sales,
dwitten and the sales of raw
materials. The next five-year
plan for 1986-90, which assumes
an ambitious 9 per cent annual
growth in hard currency sales, admits that raw materials' ex-

Yugoslavia and banks set to make progress

Swedish trade surplus picks

By Kevin Done, Nordic Correspondent, in Stockholm

with its main creditor banks on a plan to reschedule some \$3.5bn (£2.5bn) in debt falling due between now and the end of 1988.

This follows a round of exploratory discussions in New York last week during which Yugoslavia agreed in principle to a scheme whereby its economic performance could be monitored during the life of the rescheduling.

The New York talks are now expected to be followed at the end of the month by a full meeting of the International Condinating Committee of leading bank creditors which is sense and export scheduling.

The New York talks are now expected to be followed at the end of the month by a full meeting of the International Condinating Committee of leading bank creditors which is sense and export sowth. If they are not met. Yugoslavia has signalled its willingness to drop an earlier request for the interest margin gets for two key economic indicators, foreign exchange excrete sand export growth. If they are not met. Yugoslavia on its previous sense and export growth. If they are not met. Yugoslavia on its previous sense and export growth. If they are not met. Yugoslavia on its previous sense and export growth. If they are not met. Yugoslavia on its previous sense and export growth. If they are not met. Yugoslavia on its previous sense and export growth. If they are not met. Yugoslavia on its previous sense and export growth. If they are not met. Yugoslavia on its previous sense and export growth. If they are not met. Yugoslavia on its previous sense and export growth if they are not met. Yugoslavia on its previous sense and export growth. If they are not met. Yugoslavia on its previous sense and export growth if they are not met. Yugoslavia on its previous sense and export growth if they are not met. Yugoslavia on its previous sense and export growth if they are not met. Yugoslavia on its previous and on the interest margin yould automatically have to negotiate a new economic programme with the IMF under the terms of any rescheduling.

Still apen, however, is the tour formation of int THE SWEDISH trade surplus improved in June following a dismal performance in the first part of the year when exports weather and then by a public sector strike which virtually closed the main ports.

to SKr 23hn (£1.9hn) compared with a year earlier, while imports rose by 13 per cent to SKr 19.8bn. The surplus was SKr 3.2bn compared with SKr 2.2hn.

the stronger performance partly reflects exports delayed by the public sector strike in May. Sea-

public sector strike in May. Sea-sonally adjusted, the surplus in June was SKr 2bn.

For the first six months.

Sweden's trading performance has faktered badly. The trade balance shows a surplus of only SKr 5.5bn compared with SKr 15.3bn in the same period last year.

months have been largely unchanged in volume (plus 6 per cent in value), imports have jumped sharply, helped by higher industrial investment and a continuing consumer spending beam with an increase

Spanish economic priorities 'to stand'

tiators.

Mr Viktor Karpov of the Soviet Union briskly told journalists that no progress whatsoever had been made since the resumption of the talks on May 30. He reminded

BY TOM BURNS IN MADRID

Karpov: "No progress"

SPAIN'S new Economy and Fi"in general" shared by members of
nance Minister, Sr Carlos Solchaga,
the Cabinet and "in particular" by
went out of his way yesterday to
dispel concern that the departure of

Sr Felipe Gonzales, the Prime Minister.

most recently by the private domesand Bilbao – in their
and figures which showed that unemployment, which is hovering
close to 3m, had ceased to grow. In Sr Mignel Boyer, his predecessor, from the Government earlier this month would weaken the austere management of the Spanish econo-

Sr Solchaga used his first press conference since his appointment to insist that his main priorities would be to control inflation and to reduce that Sr Boyer had tendered his

Sr Solchaga said it would be "sui-cidal" to undo the sacrifices under-taken during the past 2% years of necessity of maintaining a tight Socialist Government austerity hold on spending issued by the In-measures. He said his opinion was

a grave political error to boost public spending and that the electoral benefits of such a policy switch would be "ephemeral."

the budget deficit.

The insistence was in response to speculation that Sr Solchaga would be forced into a high-spending electoral budget because general elections are due before the autumn of lectoral effect of Sr Boyer's stew-avicing of the canoning of ardship of the economy.

The new minister said it would be ter said he was confident that he would obtain Cabinet approval for a cember. 1966 budget that would reduce, against last year, the deficit as a proportion of the gross domestic product. Sr Solchaga has to submit his budget proposals to parliament by September 30.

Sr Solchaga gave a moderately optimistic diagnosis of the econo-my's state of health and stressed in particular that Spain would have a current account surplus this year of between \$2bn and \$2.3bn for the second year in succession. He forecast that reserves would be up by \$3bn. Last year, reserves grew by \$4.6bn to stand at \$15.7bn.

Among the signs of economic refrom an original target in the Gov-covery were indicators of a net erament's mid-term economic plan growth in capital investment this of 3 per cent growth this year.

employment, which is hovering close to 3m, had ceased to grow. In June, there were 11,000 fewer unemployed than there were in De-

over the Soviet insistence that

cher could resolve the issue. The third round of talks will

resume before the summit sche-

duled to take place here in

November, but Mr George Shultz, the U.S. Secretary of State, will have the chance to

Sr Solchaga predicted that De-cember to December inflation at the end of this year would stand at 7.9 per cent. That is above the Government's original target of a 7 per cent. consumer price index rise for 1985, but it is an improvement on lest. Describer of the consumer last December's 9.2 per cent rate.

Sr Solchaga said that sharp price rises in the first quarter of this year had been arrested.

The minister's current prediction is that during 1985 the Spanish GDP will grow by 1.9 per cent. This

Netherlands makes big offshore gas find

AN IMPORTANT offshore gas discovery has been made in the Dutch sector of the North Sea that could indicate a valuable new field.

The Dutch Oil Company (NAM), which is jointly owned by Royal Dutch/Shell and Exxon, said an appraisal well in block L13 north-west of Den Helder has produced high calorie gas at a rate of 2m cubic metres a day.

Gas wells often produce only hundreds of thousands cubic metres daily, and the new find could amount to one-tenth of total dutch offshore production, which is around 28m unbic meters a day.

Further test wells must be drilled to determine whether a previously undiscovered field exists in the continental shelf, a NAM spokesmen said yesterday. The 3,790 metre deep well is the fourth test well to find gas out of a total af seven in the L13 bloc.

The Netherlands, which produces 66hn cubic meters of gas a year, is the fourth largest

The Netherlands, American produces 66hm cubic metres of gas a year, is the fourth largest producer in the world and the second largest next to the Soviet Union.

A significant gas discovery would be welcomed as reserved

actually shrunk to 2.2 trillion actuary sirrink to 2.2 trinion cubic metres in 1984 after con-tinuous and sometimes large upwards revisions in recent year. New found reserves failed to offset a fractional increase in sales last year.

In a significant shift in gas policy, the dutch agreed in the past year to increase exports at the end of this century by extending current contracts that were to expire by the mid-1990s.

The Dutch previously had curbed exports in order to ensure ample domestic supplies, but liberalised their policy when their European market share and sales revenue appeared endangered. Gas receipts account for 12 per cent of tota government revenue. tion from the Soviet Union and Norway, export prices for existing contracts also were trimmed through a cleser link

to gason, Europe presently is over-supplied with gas because of increasing conservation and energy diversification and prob-ably will not see strong demand again until the mid 1990s.

up during June

The value of exports in-creased by 16 per cent in June

It is probable, however, that

last year. While exports in the first six

spending boom with an increase of 16 per cent in value and some 10 per cent in the trade balance has pushed the current account deeply into deficit which triggered a crists of confidence in the Swedish krone during the first half of May. Financial markets were watching carefully for the June trade figures in the wake of last week's one percentage point cut in Swedish interest rates.

According to the Central Statistical Office, the volume of Swedish exports in the second quarter of the year was clearly above the level of the corresponding period last year, with ponding period last year, with a marked improvement on the

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first quarter.

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Lebanese **Christian** factions join forces

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urpio pick b dome h By Nora Boustany in Beirut

RIVAL Christian groups announced a merger as Syrian-sponsored security plan got underway in the chaotic Moslem half of the capital, but inter-city routes linking Christian and Moslem sectors remained closed.

After three months of bitter feuding, the Christian Phalange Party and the more militant Lebanese Forces announced they were joining their security arms in a bid to put an end to deteriorating conditions on the ground and to unify ranks.

Mr Alfred Madi, a senior member of the Phalange Party and a former participant in its politburo, explained that the move was aimed at forging a joint strategy for negotiations with Syria, the U.S. and the Vatican. "How can we as Christians talk to anyone when we are splintered into factions?"

In fact, a blunt statement by Mr Walid Jumblatt, the Druze leader, over the weekend stressing that a settlement with the Christians was impossible as long as the Phalange were in power appeared to have shaped the new Christian resolve to patch up internal differences. Mr Jumblatt told a group of his Druze fighters that there had to be a victor or a vanquished. "Either they kill us or we kill them," he said to a roar of applause and cheers from co-religionist militiamen lunching at his ancestral Chouf Mountain home in Mukhtara, Mr Elie Hobeika, the new Christian strongman and chief of the 10-man executive committee of the Lebanese Forces, announced, following a meeting with Phalange Party head Dr Elie Karameh, that "all military party forces in free (Christian) areas will be merged within the military structure of the Lebanese Forces." He said the same applied to Phalange Party

security organisations.

Phalange officials explained that this meant that Phalange security and militia elements, now concentrated in the Maten region north-east of Beirut, would be be dispatched to work jointly and co-ordinate with Lebanese Forces commanders in an operations room. This was the formula used during the days of Mr Bashir Gemayel, the late president-elect

Thina shifts investment priorities

BY ROBERT THOMSON IN PEKING

of the value of developing coastal cities as beacons for investment, the Government has decided to focus on only four of the 14 coastal cities it has opened to foreign captal.

The change in direction was revealed by State Councillor Gu Mu, in a meeting with a visiting Japanese business delegation. He told the delegation that the Government would give "priority of support" to Shanghai, Tianjin, Dallan and Canton, where "fairly good" conditions for foreign investment exist.

According to the Chinese news agency, Xinhua, Gu said the other 10 cities lacking such favourable conditions would "slow down the signing of contracts with foreign investors," but "the slowdown is only a temporary

His statement is in contrast to a prediction he made in January that China was planning to open even more coastal areas to foreign investment. And senior government officials had confidently predicted that the whole Chinese coastline would be developed for investment.

The reassessment comes after a series of statements by the Chinese leader, Deng Xiaoping, that the Shenzhen special economic zone, seen by many Western business people as a barometer of Chinese economic pollcy, is an "experiment."

be debate within the Chinese leadership over whether too much is happening too soon, and the Government has already made it known that joint ventures will now be considered in light of the dramatic fall in China's

foreign exchange reserves. The 10 cities, opened only last year, to experience the "slow-down" are: Qinhuan-dao, Yantai, Qingdao, Lianyung Ng, Nantong, Ningbo, Wenzhou, Fuzhou, Zhanjiang

not complained because of the

cash flow on otherwise useless materials, and then use the parts to counterfeit the well-

Cases of elegant labels blind-ing consumers to the quality of

Trademark piracy under attack

BY OUR PEKING CORRESPONDENT

sumerism—where you can buy a "Shrap" calculator, and numerous other goods with names and packaging not far removed from well-known foreign brands—has discovered that the fourishing imitation. that the flourishing imitation industry has turned on China's

own products.

"Spring Thunder." The factory
Thousands of the famous employs more than 600 people.

"Flying Pigeon" bicycles, the and the watches have been sold in more than 20 provinces. have been found to be not "Flying Pigeons" at all. The same goes for other popular bicycle makes such as the "Forever," and the "Phoenix." An enterprising factory in

Howick after 10 former workers at the BTR Sarmeol factory were charged with murder and

a further 20 with intimidation

The charges arose out of the murder of three alleged "scabs" who were among 800 workers taken on by the South African

subsidiary of the UK-based BTR

when it sacked its entire 950-

man black hourly-paid labour-

who have called on British and

other unions to support their demand for reinstatement — attended the court session and

then marched on the BTR

force ten weeks ago.

A crowd of sacked workers—

and assault.

THIS land of increasing con- "Phoenix" and "Forever" trade markets." the respected brands of "Shanghai," "Baoshihua" and "Spring Thunder." The factory employs more than 600 people.

fired teargas to disperse the crowd and one worker inside the

plant was arrested for wielding

Allied Workers Union which represents the striking sacked

had voted for strike action and

only 1.751 against on the basis

of returns from 14 of the 16

Meanwhile, the Metal and

a large knife.

Now, the Trade Mark Bureau of the General Bureau of Industrial and Commercial Adminis-tration has decided that the counterfeiting must stop. The bureau's head, Hao Zhixin, has Jiangsu province, in realising announced that tough measures that better-known brands sell will be taken to "stop resolutely better, has been turning out the serious violations of trade bicycle after bicycle with the mark laws in the nation's

Violence follows start of

VIOLENCE broke out again yes- "scab" labour leaving the terday in the Natal town of factory at lunchtime. The police

S. African murder trial

BY ANTHONY ROBINSON IN JOHANNESBURG

Hao explained that the spate of imitation is an "unhealthy trend" of cheating. He said the chief motive is bigger profits, but the methods used showed that "factory leaders had wrong ideas about the current economic reforms."

The crackdown includes strengthening the administration of trade marks, preventing the sale of defective and substandard parts—out of which some of the phoney goods are

merchandise have been widely documented. Bootleg bicycles have been sold with patched inner tubes and wooden spokes. Shanghai-made goods are generally regarded as the best

known goods.

quality products in China, The mass circulation Peoples Daily some of the phoney goods are made—and exposing fakes through the media.

Apparently, there has been a thriving market for defectives parts. The offending factories they the parts from producers of the phoney goods are marked that the market has just been flooded by fake Shanghai-made watches, bicycles, televisions and cigarettes, produced by industries which have taken the Community Parties and the first real to the community parties.

buy the parts from producers of munist Party's call to "get rich the genuine article, who have through labour" the wrong way. Zimbabwe foresees big increase in growth

BY TONY HAWKINS IN HARARE

Zimbabwe yesterday forecast a 5 per cent real growth rate in 1985 following three years of stagnant or falling gross domestic product. The bank said that its estimates suggest growth of 1 per cent in real growth of 1 pe

workers has organised a work stayaway in the greater Pieter A 20 per cent increase in the volume of agricultural producmaritzburg area tomorrow which local chamber of industries officials warn could lead to legal action against the union. Elsewhere on the labour front the National Union of Miners claimed that 55,609 black miners

warned that the bumper harvest deficit.

THE RESERVE BANK of would create transport, storage Zimbabwe yesterday forecast a and marketing problems, 5 per cent real growth rate in especially in some remote rural

of Z\$200m (£100m).

This would be primarily the tion was foreseen for this year, result of rapid export growth and higher mineral and indus- of about 26 per cent at a time and higher mineral and industrial production was also expected.

Zimbabwe's maize deliveries In addition, severe restrictions should total 2m tonnes in 1985, leaving about 1m tonnes for export. However, the bank warned that the bumper harvest deficit.

Personal remittances resulted in a major reduction in the country's invisible payments of the treatment remains committed to Anzus, with the access to state of the art defence equipment and the economic leverage that loyalty to the alliance brings ranking in importance with the imprecise mutual defence obligation of the treatment.

Shultz hints at review of Anzus **Treaty**

By Lachlan Drummond in Sydney

U.S. Secretary of State George Shultz left Australia yesterday leaving in his wake the prospect of a U.S. review of the trilateral Anzus Treaty should the New Zealand Government entrence in statute its anti-

The refusal of Government of Prime Minister David Lange to accept nuclear-armed or powered ships in New Zealand ports has already produced a sizeable rent in the Anzus Treaty. The bilateral talks between Mr Shultz and senior Australian ministers on Monday took the place of the planned 34th annual Anzus ministerial meeting, cancelled at the request of the U.S.

Making of this policy into law would add additional strain and Mr Shultz said at a press conference on Monday: "If New Zealand takes a formal statutory step that has an impact on the Anzus Treaty then we will have to study that statute carefully and see what it in fact is and evaluate it and decide what we will do in the light of what our evaluation is."

Such a step "might precipi tate a review of the treaty via its connection with that formal action. But we don't want to see that happen. We prefer just to leave the situation as it

In Wellington, Mr Lange reacted tartly to Mr Shultz's

"We are escaping nuclear warfare and isolating ourselves from the threat of destruction, he said.

He said he would "earnestly" consider any U.S. request to change his policy but would "probably decline to accede to it." His deputy would visit Washington for talks with the Reagan Administration before any legislation banning ships or aircraft was presented to Parliament, he said.

Despite prodding from its left-wing, the Australian Govern-

New Zealand seeks Frenchman about Greenpeace sinking

BY DAI HAYWARD IN WELLINGTON

MYSTERY Frenchman who few from Norfolk Island only hours before New Zealand police arrived to question him, is now the central figure in efforts to fix responsibility for the bombing of the Greenpeace flagship Rainbow Warrior in Auckland Harbour last Wednes-

The man, one of four Frenchmen on the French yacht Ouvea, flew to Sydney, and Australian police have been asked to help

find him. Senior Sergeant Tozer, who Senior Sergeant Tozer, who was co-ordinating the investigation, told the Financial Times last right it was possible that the man could have slipped out of Sydney on a flight to Noumea, capital of the French territory of New Caledonia, before Sydney police were alerted. The yacht is registered in Noumea, Set Tozer also revealed that Sgt Tozer also revealed that New Zealand police are not sure they know the identity of the man they are seeking

A team of nine New Zealand detectives flew to Norfolk Island, in the Tasman Ocean, in an Air Force aircraft when the Ouvea was reported there.

The yacht spent a week in Whangarei Harbour, north of Auckland, and sailed at what Superintendent Alan Galbraith described as "an interesting time" — July 9, only hours before the explosion which sank Rainbow Warrior in four minutes.

Whangarei customs officials were told the yacht was going direct to Noumea. Instead, it was reported to be in Auckland Harbour only hours before the bomb blast, Greenpeace members claim they saw it sail slowly past their vessel then turn and come back heading towards the harbour entrance. New Zealand detectives have gone to Noumea to check on the yacht's background and

Police have now recovered an Minister said.
Rainbow Warrior had been almost new outboard motor Rainbow Warrior had been from the seabed, an inflatable due to lead a flotilla of smaller Zodiac dinghy from a bay further down Auckland Har-bour and fragments of the

explosive device.

THE New Zealand Rugby Union debated behind locked doors until the early hours of this morning its next moves following the temporary court injunction on the proposed tour of South Africa, Dai Hayward reports from

Wellington.
Captain Andy Dalton and team coach Brian Lochore, originally scheduled to fly to South Africa today, were called to the meeting yester-

day evening. It appears to have three options: to abandon comoptions: to avandon cour-pletely all plans to go to South Africa this season; to an-nounce a shortened tour of South Africa later this season if the courts decide in the union's favour; to organise a short replacement tour of Argentina. Ireland or France, or possibly a combined shortened tour of Argentina and South Africa.

A fourth option - for a rebel or unofficial tour of South Africa — does not, at this stage, appear to be an

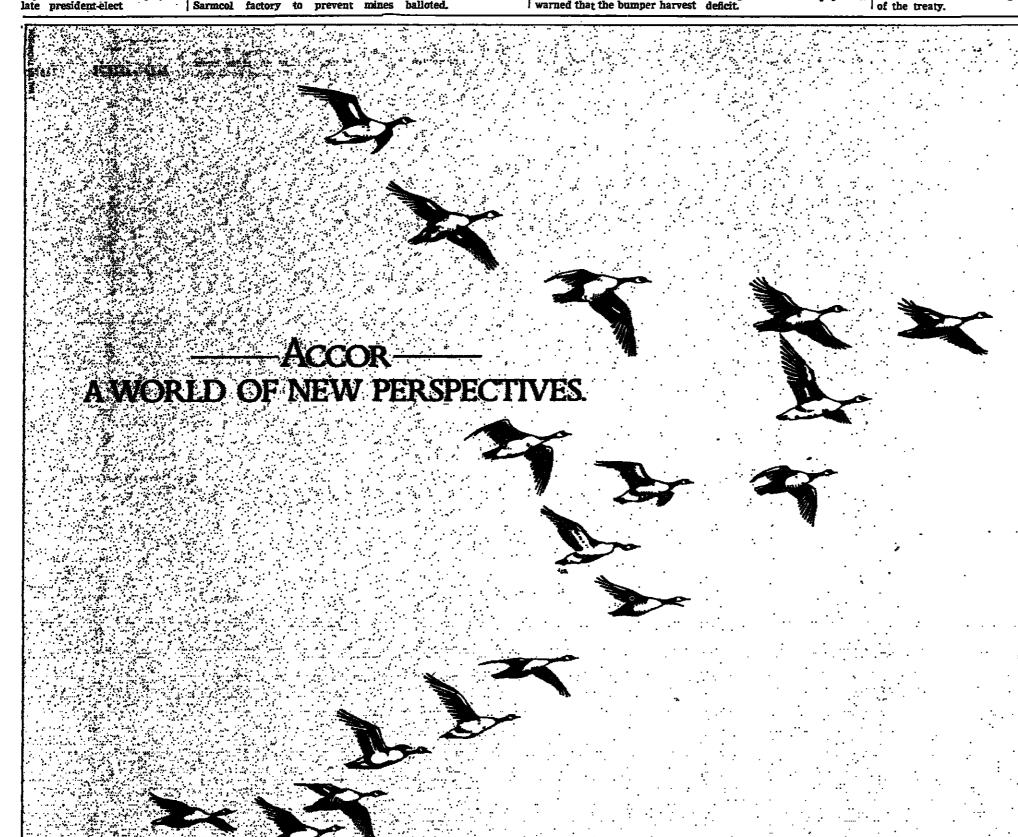
immigration laws. The couple were arrested when they returned a camper van they hired a few days before the Rainbow Warrior explosion. A Portuguese crew member was killed in the explosion.

Prime Minister David Lange says the attack seems to have vessel rather than at any individual, although it could not be ruled out that it was aimed at the leading directors of Greenpeace, who were due to be aboard Rainbow Warrior on the

night of the attack.

The police investigation has pointed towards a well-planned operation, involving more than one person, and directed from outside New Zealand, the Prime

yachts next month on a protest voyage against French nuclear tests at Mururoa Atoli. On previous occasions single Green-Police have also arrested a peace protest vessels have French couple, a man and caused the French authorities woman, who were travelling on irritation and embarrassment Swiss passports. They have been by drawing worldwide attention charged with breaches of the to their tests.



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HOTELS, CATERING AND SERVICES COMPANY

Reginald Dale in Washington on who holds the power in the President's absence

Regan takes up the reins at the White House

ACCORDING TO the U.S. constitution, Vice - President George Bush is the second in command at the White House. But during President Ronald Reagan's stay in the Bethesda Naval hospital, and his subse-quent convalescence, there is little doubt that the most power-ful man in Washington will be Mr Danald Regan, the White House Chief of Staff.

For about eight hours on Saturday, while Mr Reagan was under general anaesthetic. Mr Bush temporarily assumed the powers of the Presidency at Mr Reagan's request—although he did not actually exercise them. If Mr Roagan were to be unable to tarry on as President, Mr Bush would take over. He will probably deputise for the President, as will Mrs Nancy Reagan, at a number of meetings and at a number of meetings and functions in the coming weeks.

Mr Bush, however, is not in a position to take up the real reins of government while Mr six to eight weeks. In practical former Treasury Secretary, is already in full control of the White House machine. Even before the President's operation, Mr Regan was well on the way to becoming one of the most powerful White House Chiefs of Staff in recent history.

Politically, Mr Reagan's execute Mr Reagan's policies entourage also appears to be reluctant to accord Mr Bush such prominence that he is cast in the role of Mr Reagan's heir apparent. Mr Bush has made no secret that he is keen to run for before the President's opera-tion, Mr Regan was well on the

secret that he is keen to run for the presidency in 1988. But Mr Reagan does not want to pre-empt the choice of the Republican Party, in which there are still many misgivings



Mr Donald Regan (left): regarded as President Reagan's most loyal aide

successor, want to encourage the idea that his illness places him more at risk of becoming a is in charge of the paperwork that reaches what Mr Larry Concentration of power in Mr Speakes, Mr Reagan's spokesman, has called "the Bathesda direct line to Mr Reagan's white House."

authority. Mr Regan is viewed in the White House as the most Mr Regan who personally tested for the President.

confidence of the increasingly-influential Mrs Reagan.

Mr Regan has already quickly
established himself as the only
shout a week. From August 14 Government official in regular to September 2 he plans to be contact with Mr Rezgan since on holiday at his California

Mr Bush. Nor does Mr Reagan, up a temporary office at the by appearing to groom a hospital, just down the corridor successor, want to encourage the from the presidential suite, and

sident's Budget Director, and submit a name for approval to

Mr Reagan.

Generally speaking, the President will be spared as many detils as possible. "We'll try to make as many decisions as we can" without having to bother can " without having to bother him, says Mr Speakes. Mr Regan has a good working relationship with the President and "knows what to do on his own." Mr Regan, however, will not take decisions that require the President's personal approval or " but his own owned?"

"push his own agenda," say White House officials. If he wants to present cabinet policy wants to present cabinet policy disputes succincily to Mr Reagan, he can, says Mr Speakes. "If he wants to present an option paper to the President and have somehody relk it through with him, then that's the way it will work."

In this respect, Mr Regan's role will be little different from the one he already fulfills. He already largely controls access

already largely controls access to the President. Unlike his to the President. Unlike his predecessor, Mr James Baker. who shared power with a number of long-term Reagan associates, Mr Regan has few rivals for the President's ear. Mr Regan, a former head of the Merrill, Lynch Wall Street investment house, is no stranger to the grantee of tough to the practice of tough management, and he has confi-

dently asserted himself at the White House.

The President has always preferred to delegate policy details to his aides and advisers. That in itself should help Mr Regan achieve his main

officials say, it will be Mr Regan who does it.

In the next few days, Mr Regan will also continue to sift through candidates to succeed Mr David Stockman as the Pres. Regan in the process, kegan immediate objective in the days ahead, which is to convince the American people and the world in general that, to the fullest extent possible, it will be business as usual at the White

particularly incensed that the results are strengthening three ostensibly left-wing parties which operate as satellites of the PRI.

Sr Pablo Gomez, leader of the Enro Communist-line Unified Socialist Party (PSUM), (built round the old Mexican Communist Party, described these parties as "bionic . . . which is to say artificially stimulated by computers," referring to charges puters," referring to charges that the computerised elec-toral registers had been padded with several million non-existent voters by govern-ment-controlled electoral ment-controlled authorities. In spite of a sour post-elec-toral climate, last week's oil price cuts, continuing specu-lation against the peso and

Mexico's

heads for

victory

ruling party

MEXICO's ruling Institutional Revolutionary Party (PRI), in power for 56 years, had by yesterday morning won 281 of 289 congressional seats where official counting had been completed.

Unruffled by the chorus of fraud charges from both the left and right-wing opposition,

left and right-wing opposition, the party appears set to secure nearly exactly the results it had sought in the July 7 minl-term elections. for Congress including seven of 31 state governorships, and over 800 town halls.

In the strategic northern hander states of Sowers and

border states of Sonora and Nuevo Leon, the PRI stopped

nnevo Leon, the FM stopped a major challenge from the right-wing National Action Parly (PAN) in no uncertain terms. Despite widespread evidence of hallot rigging in

to have its clean sweep in Sonora and nearly total victory in Nuevo Leon

Protests by PAN supporter in both states were con-tinuing yesterday. PAN is seeking to have the elections

annulled in both states, while

local left-wing parties are seeking partial annulment. Independent left wing par-ties, which broadly back PAN's charges of fraud, are particularly increased that the results are strengthening

signs that the Government will be reining in economic growth in the second half, Mexico City's stock exchange gave its verdict on the elections by brooking through to tions by breaking through to a historic high, with its 200-stock index exceeding the

Canada proposes deregulation of transport sector

A discussion paper released by Mr Donaid Mazankowski, the Transport Minister, outlines plans to open domestic air services and fares to and able "carriers, and to allow railway companies and shipping lines to negotiate confidential contracts with their descenting to the discussion mover decreasing the discussion mover decreasing to the discussion mover decreasing the discussion mover decreasing the discussion mover decreasing the discussion of the discussion mover decreasing the discussion of the d

of at least C\$20m (£11m). The Canadian transport industry is dominated by a handful of groups, including state-owned such as those to remote Arric Air Canada and Canadian communities

THE CANADIAN Government has proposed far-reaching diversified private conglumerate deregulation of air, rail, truck canadian Pacific.

A discussion paper released the conglumerate deregulation of air, rail, truck canadian Pacific.

Mr Mazankowski said that compositiveness of Canadian exporters and contain recent inroads by U.S. transport sperators in the canadian market.

A discussion paper released the canadian market.

A discussion paper released the canadian market. Canadian Pacific

Mr Mazankowski said that
Crown corporations will be "discouraged from engaging in nonbusiness-like pricing and in
loss-making commercial activities." New legislation will outlaw predatory pricing by simpping conferences.

but the Government predict to pursue a lessening of controls through bilisteral regolations. According to the discussion are nervices will bring the predict thement to new regional and the land of the predict through the predict thement to new regional and the land without prints removed. The Government will discuss air services will bring the its proposals with the transport industry, trade unions and muter airmset to implement them by the end manufacturer the Handler airmset airmse

of this year.

The proposed new measures lines be allowed to abanton include a relaxation of carbs newtes on a maximum of 80 on mergers and acquisitions in days nation. The Government the transport industry, allowing will consider direct subsidies the authorities to bar only those for caseconomic rouses con-involving "major" federally sidered to be in the public regulated companies with assets interest. At present, siell necesse nequired to ase probts from high-density montes to mess-subsidise unprofitable services,

U.S. considers Bermuda convention tax write-offs

BY-ROGER SCOTTON IN HAMILTON

He was accompanied by The White Bruse sufficient enter Russell Rourke, Assistant Secretary of Defence, and Mr. Cids for an accompanied by the Briston Series Consul General to U.S. text code.

U.S. Consul General to Bermuda who is now President to The Alexandra Mainks Bermuda who is now President on Canada and Mexicol whith are Reagan's special assistant on logislative strategy.

At present, the costs of holding business conventions in Bermuda cannot be offset "the

MR ROBERT PACKWOOD, chairman of the U.S. Senate tong completived that the refinance Committee, left Bermuda on Sunday after a mile Biblish colory from winds the hour fact-finding wish aimed using a slice of America's large at helping him consider a White convention for the market at helping him consider a White convention for the market at market of the House sponsored proposal to grant tax deductions to U.S. corporations holding convention for the corporations holding convention for the Case of the convention for the co

impressed by the U.S. that muther lies we don't describe the memory of selection of selections of sele

Banzer claims win in Bolivia

FORMER Bolivian military ruler Sr Hugo Banzer has claimed victory in elections last Sunday after 30 per cent of the rote ages curnted. Benter

wing Nationalist Democratic Action (ADN) party 39.1 per Government.

Government.

In New York for a one-day of the centrist Nationalist Revolutionary Movement (MNR).

Early results indicated no party would win the outright majority needed for victory

weed in Brazil by the Sarney inem this year, these ngures alone are not, however, expected to mollify the creditors.

Their concerns, according to Western bankers in Rio, are focused instead on Brazil's delay in reaching an austerity agreement with the IMF and on the

Brazil tries to reassure creditors on debt

BY ANDREW WHITLEY IN RIO DE JANEIRO

may ask for "new money" from them this year, these figures alone are not, however, expec-

television indulging in his

usual healthy outdoor pursuits

usual healthy outdoor pursuits of horse riding and chopping wood. Mr Speakes says, the President will gradually pick up his normal workload, resuming a full and vigarous schedule "as quickly as he feels like." During the period of convalescene. Mr Regan will be the President's main link with the White House and Congress. The only major Congressional prob-

only major Congressional prob-lem foreseen in the weeks

ahead is the ontinuing deadlock over the budget deficit. If the White House feels the need to

intervene again in the process,

feasible this year.

FORMER Bolivian military ruler Sr Hugo Banzer has claimed victory in elections last Sunday after 30 per cent of the vote was counted. Reuter reports from La Paz.

Linofficial results quoted by the Catholic Church radio Fides and based on 30 per cent of the vote, gave Sr Banzer's right with parts and parts and prices. While relieving the banks of a projected increase in the trade continuity an increase in government of the within the Government of the controlled tariffs and prices. Central Bank governor and of Sr Francisco Dornelles, the conservative Finance Minister.

The Brazilian team in Washington and New Strandisco Dornelles, the conservative Finance Minister. The Brazilian team in Washington and the country's bank creditors that a deal tarry's bank creditors that a deal can be struck soon on the debt while relieving the banks of negotiations, despite the tougher language now being need in Brazil by the Sarry 39.1 per Government. The Brazilian team in Washington, meanwhile, has been charged with explaining to the Fund that the package of public expenditure cuts and tax increases announced earlier this manth represent the limit that is practically, and politically, feasible this year.

If this package is broadly accepted by the IMF, Sr Dornelles is expected to travel to finalise the terms of the country's new stand-by loan. However, the feeling here is that more likely a further round. The only additional concest that more likely a further round sion Brazil is prepared to make, of negotiations in Brazil with officials say, would be through IMF officials will be required.

WORLD TRADE NEWS

Swedish group wins \$70m Turkish rail system contract

BY KEVIN DONE IN STOCKHOLM

ASEA, the Swedish electrical engi- Turkish partners will take care of neering group, has won a \$70m con- the civil construction. tract to build a seven-kilometre light electric rail system in Istan-

The contract has been awarded to km. a consortium comprising Asea and Yapi Merkezi, a Turkish construc-

Asea will supply about three quarters of the value of the order

The project is the first phase of a larger tramline system which will later be extended to a total of 23

Asea said it won the order against competition chiefly from West Germany - Siemens and MAN - as well as from a joint Austro-Italian consortium.

maintenance installations and the power supply system, while the state loans.

The project will be funded from Sweden, partly with long-term, low-interest state loans.

Ford to market second W. German-made car

BY WILLIAM HALL IN NEW YORK

FORD, the second biggest U.S. car The Granada Scorpio is a fourcompany, is to begin importing a door sedan which is slightly more second West German-made car into expensive than the Merkur, which the U.S. as part of its strategy to sells in the U.S. for S16,381 and is compete with luxury European im- designed to compete with the smallports which have made big inroads er Mercedes and BMW models, into the U.S. market.

Ford, which began importing a that Ford was thinking of importing version of its German-built Ford Sia second European car to sell erra last year, is the only major U.S. car maker to import European cars. It has formally announced that it will begin selling a second West German car through its Lincoln-Mercury division's Merkur franchise next year.

The car will be a version of its European Ford Granada Scorpio adapted for the U.S. market. The car went on sale in Europe in May last year it was estimated that sales and is known to have been prepared to pass U.S. technical tests.

last year it was estimated that sales of the Merkur might reach between 60,000 and 100,000 a year.

It has been known for some time

through its new luxury car franchise which specialises in European Ford has said that it intends to

establish its Merkur franchise in the U.S. separately from its Ford and Lincoln-Mercury operations.

When Ford announced its move

Hawker wins Thai order

WESTINGHOUSE SIGNALS, the new single track line be part of the Hawker Siddeley tween Chacoengsao and Sattagroup, has won a £5.8m contract for a signalling and telecommunications system for a
new single track time between Chacoengsao and Sattahip
The 136-kilometre line is part
of Thailand's plan to develop
its eastern seaboard. Hawker
Siddeley sald yesterday.
Hawker Siddeley

of Thailand.

The contract includes the design. manufacture, supply. Is months. The project to last for design. testing and commissioning of the system for ing stations and one exist-

Democrats in new bid to curb imports

By Stewart Fleming in Washington

A GROUP of prominent Demo-A GROUP of prominent Demo-crats in Congress are planning to unveil today legislation which could result in the im-position of a 25 per cent sur-charge on imports from coun-tries with "excessive" trade surpluses such as Japan, Brazil, South Korea and Taiwan.

South Korea and Taiwan.

The legislation will add to the plethora of prospective trade Bills being debated on Capitol Hill—proposals which include major trade reform packages sponsored by such groups as the Labour-Industry Coalition for International Trade (LICIT).

Perhaps the most significant feature of the Bill concerns the names of the Democrats who are supporting it.

They include Representative Dan Rostenkowski, chairman of the House Ways and Means

the House Ways and Means Committee, the House committee responsible for initiating trade legislation. Also included are Represen-tative Richard Gerhardt, who

heads the House Democratic caucus, and Senator Lloyd Beutsen of Texas. Their more will be seen as a step designed to put pressure on the Reagan Administration to act more forcefully to curb

imports.

The specific proposal would be designed to hit countries whose exports to the U.S. were 65 per cent greater than their imports from the U.S. and whose exports worldwide were 50 per cent greater than their total im-

The U.S. trade deficit would have to be greater than 1.5 per cent of Gross National Product for the surcharge to be triggered, Currently, it is running at over 3 per cent of GNP.

Canada, Nigeria 'in oil-link deal'

Canada and Nigeria are negotlating a deal linking sales of \$1bm (£70m) worth of Nigerian oil to purchases of Canadian goods worth a similar sum, Canada's High Commissioner in Lagos.

Mark B. Feldman describes US attempts to curb trade in high-tech goods How Congress gave export Act sharper teeth

Administration Act. The old trols will be subject to for-law expired on September 30 feiture of any fruits of the exports (or re-exports) to relations. However, American industry strongly opposes new controls on high-technology wording extends the penalties can be traded to the Warsaw goods and information have been based primarily on the President's properties of the penalties President's special powers under the International Emer-

gency Economic Powers Act. The 1985 amendments are a compromise between the Pentagon's proposals for radical toughening of the law to cut the flow of militarily-useful technology to the Soviet Union and American industry's urgent need to liberalise the regime applicable to "free world"

trate licensing and enforcement resources on the high end of the technology spectrum and to reduce controls on "free world" trade at the low end. There is a strong emphasis on international co-operation in controlling indirect transfers to the Warsaw Pact, but there are also new risks of extraterritorial application of U.S. law to the

trade of other countries.

The amendments put new teeth in the Reagan Administration's aggressive enforcement programme by creating offences and penalties and by shifting major enforcement responsi-bilities from the Commerce Department to the U.S. Customs. The law adds "attempts." "conspiracy," "possession with by provisions restricting the on exports of manufacturing intent to export unlawfully," President's authority to control technology and other technology of items of U.S. origin were not in Donovan Leisure Nanto and "action with intent to "low-tech" trade with CoCom nical data. The issue is "free made to manufacturing trol systems to ensure that sales Mark B. Feldman is a particular to "low-tech" trade with CoCom nical data. The issue is "free made to manufacturing trol systems to ensure that sales in Donovan Leisure Nanto and "action with intent to "low-tech" trade with CoCom nical data. The issue is "free made to manufacturing trol systems to ensure that sales trol systems to ensure that sales in Donovan Leisure Nanto and Troine of Washington, DC.

in the world.

The contentious subject of U.S. export controls and their impact abroad will be debated in London today at the annual meeting of the American Bar Association.

The philosophy is to concen-rate licensing and enforcement authority given the U.S. presi-tracts unless he consults with esources on the high end of dent to block imports by any Congress and certifies, inter party that violates U.S. national alia, that "a breach of the peace security controls.

> regulations which implement agreements of the Co-ordinating existing contracts, but the Committee controlling East- Administration vigorously eafter consultation with UK officials and with the concurrence of a majority of CoCom parties. The EEC sharply protested the proposal for such imports sanctions as a violation of the General Agreement on Tariffs and Trade in an aidemenoire presented to the U.S. State Department in April 1983. memoire presented to the U.S.
>
> State Department in April 1983.
>
> This is a victory of sorts for the Pentagon, which has been

noses a serious and direct threat The same authority can be to the strategic interest of the applied to violations of UK United States." Congress regulations which implement wanted absolute protection for

of exporting to violations of
U.S. regulations anywhere
the gas pipeline affair. The project's feasibility.

President can no longer apply
The U.S. software regula-

the world. President can no longer apply The U.S. software regulations of the most controversial foreign policy controls to har plement the Carom agreement of last July applied to exports to all countries, but in April the Administration decided not to apply these controls to
free world trade. This is a
major departure from U.S. mantice in commedity trade and a
good sign for the future.

The legislation is important,
but it is color the prost The

the legislation is important, but it is only the start. The Pentagon did not obtain the statutory right it sought to review licence applications for exports to Western countries, but the White House has given the military that role for exports of several key commodi-ties to a number of countries that are seen as channeling pro-

Fariffs and Trade in an aidememoire presented to the U.S.
This is a victory of sorts for
State Department in April 1983.
These measures are balanced
These measures are balanced turging sweeping new controls

THE U.S. CONGRESS on June evade" the law to the list of countries and limiting the sppli- world" trade. Data House to for unauthorised uses. Distri27 broke a two-year impasse crimes. A person convicted of cation of foreign policy controls fibe Soviet Union are controlled buttors must know their cusand agreed on a new Export violating national security conto previous contracts. In future, under existing regulations. keeping and internal audits are the order of the day.

The Commerce Department intends to audit these procedures in the U.S. and abroad, and companies which do not comply could lose their privileged distribution licences. This programme is far less intrusive than earlier proposals.

There are potential problems, however. Unless hamiled with sensitivity, audits of foreign consignees of U.S. commodities may cause serious tensions with host Governments,

 $\frac{\partial \mathcal{M}}{\partial x^2} = x^2 + x = x$

 $\chi(p_{k}, c)$

Another issue worth watching is U.S. regulation of exports of foreign manufactures, including parts and components of U.S. origin. The U.S. applies such extra-territorial controls even where the U.S. inputs are de where the U.S. inputs are de-minimis. This kind of regula-tion is self-defeating as it drives foreign purchasers to other sources of supply. It also raises serious questions of inter-national law where the U.S. interest is tentious.

U.S. officials are reviewing the regulation of trade in parts and components, and it is hoped they will appreciate the need for a change. The U.S. Government is getting the ro-operation of its allies in CoCom, and it abould be prepared to respond positively to their concerns.

Mark B. Feldman is a partner

Fiat may base output of smallest car in Poland

BY CHRISTOPHER BOBINSKI IN WARSAW

production of its smallest passenger car for the 1990s at the FSM car factory in Southern Poland, FSM officials confirmed yesterday.

Joseph Marie Poland Follow an additional ZI 30bn (F146m)

a successful modernisation of High Commissioner in Lagos. Mr Garrett Lambert, said yesterday, Renter reports.

A group of Canadian businessmen was in Lagos for talks on the deal, under which Canada would take about 100,000 barrels of oil a day in return for Canadian goods, mostly linked to capital projects.

The present Fiat 125 P model produced annually mainly for duced there since 1973.

Under the plans, FSM would the plans, FSM would be the only producer of the new small model with annual new model, not yet formally announced, could be undertaken.

Last week, Fiat 125 P model produced annually mainly for export through the Italian company's sales network runs out in 1991 when production of the new small model with annual new model, not yet formally annually mainly for export through the Italian company's sales network runs out in 1991 when production of the new small model with annual new model, not yet formally annually for export through the Italian company's sales network runs out in 1991 when production of the new small model with annual new model, not yet formally annually for duced there since 1973.

FIAT AUTO, Italy's largest car technical assistance to bring company, is considering basing the modernised Fiat 125P into production of its smallest passenger car for the 1990s at the technical assistance to bring the modernised Fiat 125P into production by March 1987.

Such a decision would follow in domestic input. a successful modernisation of the FSM works, due to be undertaken soon, to restyle the present Fiat 125 P model produced there since 1973.

The agreement under which 60,000 restyled cars will be produced annually mainly for export through the Italian com-

Export move on Japan company

A JAPANESE trading company is being investigated for allegedly re-exporting to an Eastern European country a sophisticated piece of U.S.-made technological equipment in contravention of the rules of Cocom, the West's monitoring agency on trade with the Communication.

Neither the company nor Japanese government agencies were prepared to divulge details of the case, though they conformal allegations and the simple control of the case, though they conformal trade and the simple company in Oregon.

The company is said to have tested the device in Japan in the presence of an embassy official from the Eastern European country, identified in information supplied by the U.S. Government. Some U.S. Government. Some U.S. Government. Some U.S. echnological equipment to inspection

An official at the Ministry of Officials at the company is said to have tested the device in Japan in the presence of an embassy include sonar system to the Soviet Union.

It appears that this case was incompant to light as a result of information supplied by the U.S. Government. Some U.S. Government. Some U.S. echnological equipment to information supplied by the U.S. Covernment. Some U.S. echnological equipment to shipped and of Yokohama, apparently evading customs in preventing the re-export of U.S. technological equipment to eastern European country, identified in information supplied by the U.S. Government. Some U.S. echnological equipment to shipped and of Yokohama, apparently evading customs in preventing the re-export of U.S. technological equipment to eastern European country, identified in information supplied by the U.S. Government. Some U.S. technologicals have complained that apparently evading customs in preventing the re-export of U.S. technological equipment to the soviet Union.

been stepped from exporting a
U.S.-made sonar system to the
Soviet Union.
It appears that this case was
brought to light as a result of
information supplied by the
U.S. Government. Some U.S.
officials have complained that
Japan was insufficiently rigorous
in preventing the re-export of

Neither the company nor Japanese government agencies were prepared to divulge details of the case, though they confirmed that an investigation, the second of its kind in Japan this year, was under way.

Published reports in Tokyo said that the small Tokyo-based concern had in August 1983 imported a laser-trimming system, used in microchip manufacturing, from a ILS, electronics apparently evading customs apparently evading customs inspection

An official at the Ministry of International Trade and Industry (Miti), which, with the Japanese police and customs, is dement, said that export licenses were required, and might be denied, for any goods on (£24,000) had a contract of several years standing to supply a state-run Hungarian organisation with electronic and precision equipment to assert Europe.

Cofficials at the company refused to answer telephone questions. But Jiji Press, the Japanese police as saying that the company refused to answer telephone questions. But Jiji Press, the Japanese police as saying that the company capitalised at Y8m (£24,000) had a contract of several years standing to supply a state-run Hungarian organisation with electronic and precision equipment to answer telephone questions.

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THE TIME for jokes and apocryphal tales about the microwave oven is over.

You don't hear nonsense about hamster, disappearing up the vacu-um clean er spout, and we don't want to he ar any more stuff about people drying their poodles in the microwave," said one aggreeved pro-

ducer recently.

The busine ss: is booming. There are about 40 c. unpanies battling for a share of the British market, which is expect at to grow by 40 per cent this year to absorb at least 1.4m machines.

Imports are ficteding in, mainly from Far Easter a manufacturers which have laid claim to about 85 per cent of the UK trade in the five years since the mar ket first showed

signs of life. In the early months of this year imports were already 30 per cent higher than in the same part of 1984. The pressure is expected to build towards a peak at Christmas,

Christopher Parkes on how European cooking habits are set to change

Microwave market gets hotter

especially since sales of home com-puters appear to have followed the downward trail of the video cassette

Many of the main British appli- Taiwanese, Americans and the Brit-ance makers now have their own ish have their eyes on an even more factories - usually joint ventures with Japanese companies - and are on the European continent.

Mr Shigejoshi Kawakatsu, the more respectable share of their home market.

Mr Shigejoshi Kawakatsu, the Hamburg-based managing director of Matsushita Europe, recently told

Matsushita's newly announced plans to build an assembly plant in Britain reflect the general feeling that the boom is real and will prob-ably persist for some years until saturation point. While fewer than 10 per cent of British homes have a microwave, the figure is close to 40

promising market of 250m people

an appliances seminar that he fully expected the continental European market to develop in much the same way as the business in Brit-

He challenged a gloomy assembly of executives, gathered to debate the sorry state of the European and manufacturers for their conser- in commercial applications in West

for the ovens was about 12.7m units. The U.S. took 9.4m, Japan 1.2m and Europe only 1.4m. Subtracting UK sales of 1m, that left a niggardly residue for distribution around the European manufacturers refused to rest of the European continent.

Penetration in West Germany, where his company started selling 15 years ago, was still less than 5 cent. The figures for France and Italy were about half that, he said.

Chiding European consumers

He had tried to awaken in

per cent in the U.S., about 36 per cent in Japan and 28 per cent in Japan and 28 per cent in Australia.

The Japanese, South Koreans, Taiwanese, Americans and the British have their eyes on an even more than the series of a series of

eight years ago when, he claimed, European manufacturers refused to believe there was a market for domestic video recorders. "Without our optimism and without our investment we would not have got the He had tried to awaken interest

salesmen devoted solely to the commercial trade and promptly won 50 per cent of the catering

In Britain, the market is already entering a new phase of develop-ment. Thorn EMI, the first native British company to start produc-tion, will shortly unveil a mini-microwave oven. This is a 0.41 cu ft model just big enough for one help-ing and aimed at the bedsitter. It is also believed to be preparing to launch a version in the UK under the Kenwood brand.

Germany, where fast food outlets

were springing up. There were, he confessed, some problems micro-waving the popular but explosive

wurst. In the end he hired five

The company is stepping up exports. Figures are confidential, says Mr Phil Buckle, managing director of the major appliances division, but this year he expects to export between 20 and 25 per cent of production to Europe and even Latin America.

Nexos collapse blamed on over-ambition

means, the state-backed office automation company that collapsed with a loss of more than £30m to the taxpayer, failed because the management was over-ambitious and built up a large organisation which could not be justified by its level of business.

In for the foreseeable future. Mr Ford believes it could not have contained its operations within a £20m taken the taxpayer, failed because the funding limit which had been originally set, subject to approval, by Sir Keith Joseph, then Industry Secretary.

At a meeting of the Harron of level of business.

This is the main conclusion of a detailed post mortem examination on the demised Nexos, which proved to be one of the most disasproved to be one of the most desagned that he settled evi-trous government attenties to dence to the committee in Novem-create a new high-technology binsi-ber 1983 had been wrong when he ness. The investigation was carried out by Mr Russell Ford, a senior ac-stactory agreement with Logica countant at Deloitte Haskins and Sells, who is on secondment to the Department of Trade and Industry

significantly from earlier verdicts - "I question whether the problems in including the DITs - on the fature the relationship were anything of Nexos, which largely blamed the thore than the normal problems in unsatisfactory commercial agree commercial relationships ment which the company had with several suppliers, particularly Logica VTS, which made its main product of and its lack of certain soft and its lack of certain so uct, a word processor.

On the question of Nexos's very high trading losses the report says: Nezos management should have "To a great extent the losses repre-recognised and planned for the possented the costs of the head office sibility of unforeseen problems. and central management organisa-tion together with the excess overheads of the sales organisation that Jason Crisp reports were established or built-up vastly in excess of the size required for the turnover being achieved."

This latest report stems from an earlier inquiry by the public accounts committee, the parliamentary watchdog on government spending, which called for a full government investigation into the Nexos affair.

The report is particularly critical of the Nexos management. But few parties involved with the ill-fated company come out of the affair well and there are a number of ques-tions raised about the way in which the National Enterprise Board (NEB), now part of the British Technology Group, and the DTI monitored its activities.

Management at Nexos is criti-cised for a number of reasons in-

 Being critically dependent on the early success of a single product - cast sales, it admitted it met its the unproven 2200 word processor specification agreed by the two made by Logica. The Nexos corporate plan was based on obtaining 25 agreements with Logica and per cent of the UK word processor market by the end of 1981.

• Failing to recognise and plan for the possibility that the 2200 would

 Creating a much larger organisation with higher outgoings than was justified by the actual level of sales. Trying to do too much too quickly having regard to the amount of key suppliers with expertise in the funding committed to it by the NEB.

Committing substantial expenditure to the Delta project - a powerful telecommunications system developed in the U.S. by Delphi, a subsidiary of Exxon - without proper assessment of its state at the made significant changes which

Within the report are a number of horror stories which contributed to the eventual demise of Nexos.

These include spending £5.2m on research and development. Other

velopment expenditure was running at an annual rate of £15m - alning at an annual rate of £15m - almost the same as the NEB's initial preciated that Nexos was develop-investment commitment of £15.8m ing in this way.

After the independent review of Sales in 1980 were running at Nexos in 1980 the Government

than £9m. Even during a growing cash crisis sidered its future including the possibility of finding private finance. Nexos increased its staff numbers The company was given a further from 307 to 405 between June and 253m after the Government was December. An NEB review team told by the NEB it would otherwise commented that Nexos had grown have to go into immediate liquidits establishment and costs to sup- ation. port sale five times larger.

by the management's continued in- acknowledged to have added to its crease in its rate of spending despite knowing in July that it might ity in the market and affected staff have to exist within its £15.8m fund-morale.

NEXOS, the state-backed office au- ing for the foreseeable future. Mr

At a meeting of the House of Commons public accounts commit-tee this week Sir Brian Hayes, permanent secretary at the DTL acknowledged that his earlier evi-

While Mr Ford's report acknowledges there were significant per-sonality problems between execu-Mr Ford's conclusion differs tives of the two companies he says:

He also concludes that the delay in developing the 2200 word processor and its lack of certain features were not a major contributory fac-tor in the failure of News. He says

on the Government's ill-fated efforts to create a new high-technology business

Nexos had built up a large sales organisation long before it could rea-sonably have expected to start sell-ing the 2200 in volume and in any case the delays were only a matter of weeks.

The late arrival of the 2200 was not the only reason the sales force was under-utilised. Other factors included a facsimile machine for Nexos made by Muirhead which was late and uncompetitive. Even though the marketing department said the 2200 was so deficient in features that it would not schieve fore-

Muirhead were negotiated by the NEB itself before Nexos was established. Nexos was conceived by the NEB in the late 1970s to give Britain a presence in the fast-growing office equipment market. The original idea was that Nexos would be a marketing and sales organisation working in partnership with a few ary technologies and a manufacturing capacity.

The company was established in 1979 and Mr Muir Moffat, a former IBM executive was appointed chief team was formed the new company meant it concentrated much more than envisaged on development.

than the 2200 word processor no de-risk venture these differences velopment projects came to fruition meant that Nexos followed a much velopment projects came to fruition before the company was wound up.

Eighteen months after it was set up Nexos's overhead costs and deboard and the NEB's senior execu-

53.75m and even in 1981 were less agreed to "drip-feed" the company than £9m.

Delays and uncertainties which That cash crisis was exacerbated surrounded Nexos at that time are

Jaguar XJS launched in open-top version BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

the UK today.

The company is launching a cabriolet version of its 150mph, V12-powered XJS-HE, which it claims is one of the fastest open-topped cars cabriolet versions has been stepped in to an applied rate of 2.000.

in the world.

The new cabriolet will be launched in West Germany in September and will reach the U.S., Jag.

Another small Japanese van is launched in Britain today as Substantia of the first the sector for the sect

mechanical specification of which it shares, including the 295bhp V12 engine.

Mr John Egan, Jaguar's chairman and chief executive, says the resurgence of the XJS range has paralleled that of the company. In 1981 sales had dropped to only 1,199 but by 1983 they had recovered to 4,808 and moved on to a record 6,028 last year.

In 700, with four-wheel drive.

So far in Britain, Subaru, a subsidiary of Fuji Heavy Industries, has sold only a handful of car-derived pick-up trucks in the commercial vehicle sector. In Japan, the company produces over 300,000 small commercial vehicles a year.

Subaru cars have been on sale in the UK since 1977 and under the terms of the voluntary restraint

XJS range for the past two years: sold

JAGUAR expects worldwide sales the XJSC 3.6, which has the AJ6 enof its XJS sports car to reach a record 8,000 this year, partly with the help of a new version introduced in used an outside coachbuilder to fit

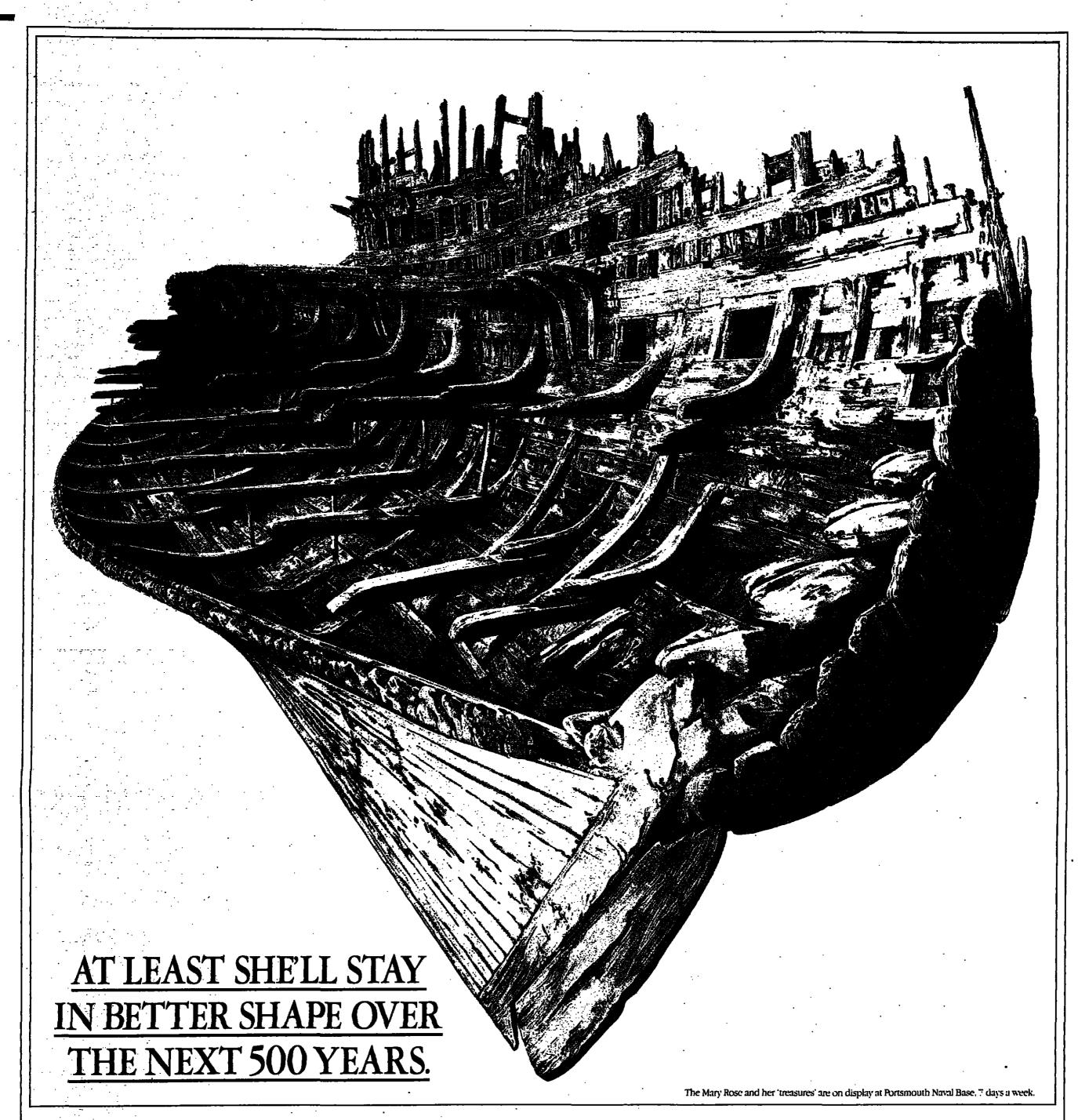
uar's biggest market, early next ru enters the sector for the first

In Britain, the new V-12 cabriolet is priced at £26,995, some £3,000 more than the XJS-HE coupe, the mechanical specification of which it ru 700, with four-wheel drive.

last year.

There has been a cabriolet in the agreement about 3,650 a year are terms of the voluntary restraint

What computer company has grown 19% or more for 13 years in a row? You've heard a lot about overnight successes in the computer business. Now it's time you heard about one of the most consistent successes. Not just in computers, but in all of industry. We're Prime Computer. We've grown 19% or more every single year we've been in business. Our average return-toinvestors over the last 10 years places us #2 in the Fortune 500. The productivity of our capital and people consistently ranks among the highest in the computer This year, we jumped 51 places on the Fortune list, to number 400. And we reached 73rd in profit margins. What explains the success of Prime Computer? It could be the fact that ever since we invented the super-minicomputer, we've consistently offered systems that are faster and more powerful than our competition. Or it could be because we have the best record in the industry for protecting customer software. Since our founding in 1972, we've kept our computer family totally compatible. It might even be something you can't measure. Like the enthusiasm and dedication of our people year after year. But whatever the reason, one thing is certain. You can't ignore success. Contact Prime Computer at Prime Computer UK, Ltd., Primos House, 2-4 Lampton Rd., Hounslow, Middlesex TW3 1JW England. Prime Europe, Middle East, Africa. The Hounslow Centre, 1 Lampton Rd., Hounslow, Middlesex TW3 1JB England Because it's time you knew the real leader in minicomputers. Computer It's time you knew.



Poor old Mary Rose has had quite a bit to contend with, these last five centuries.

When she went down, on a sparkling summer's morning in 1545, she was the jewel in the crown of Henry VIII's Navy.

But her 91 guns were no match for the ruthless onslaught of the murderous currents that flow beneath the Solent.

A deep scourpit was eroded on the port side of the hull.

The currents then relentlessly shrouded her in a thick layer of silt.

By the early eighteenth century a hard layer of shelly clay had sealed the once proud warship in her watery grave.

On October 11th 1982, a salvage operation on a scale never before attempted brought the forlorn remains of the Mary Rose to the surface.

Not only the hull, but a host of precious artefacts that tell of life in Tudor England were rescued from the muddy sea-bed. But in the process of drying them out they could easily be harmed or destroyed.

In order to preserve them, we gave the Mary Rose Trust a chemical solution called polyethylene glycol. Once these items (such as wooden bowls and leather shoes) have been soaked in this solution, they undergo a freeze-drying process that will carefully preserve them for posterity.

At the same time, the bulk of the hull is sprayed with water to stop it from drying out, and to prevent microbiological decay.

After two years of this treatment a lengthy round-the-clock spraying of an ethylene glycol will begin, before the hull is left to dry out.

The whole process to preserve the Mary Rose will take about twelve or fifteen years to complete.

But in the extraordinary life history of the Mary Rose that's just a drop in the ocean.

YOU CAN BE SURE OF SHELL



Rise in industrial output shows sluggish recovery

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

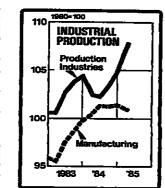
INDUSTRIAL output rose by about 3 per cent in the three months to May compared with the level in the previous three months, according to the latest official estimates.

Total industrial output in the latest three months was 41/2 per cent higher than in the same period a year earlier. Much of the increase represented rising North Sea oil and gas production and the resumption of coal mining in pits which had been on strike.

Coal and coke output in May is estimated to have recovered to about 85 per cent of its level before the miners' dispute. Excluding the effects of the year-long strike, which ended in March, output rose

industry, in spite of relatively buoyant indications from the latest Confederation of British Industry survey.

Manufacturing output is now 9% per cent higher than its lowest point in the first quarter of 1981, but still nearly 8 per cent below its average level in 1979.



The detailed figures show that production of consumer goods has responded very sluggishly to a brisk increase in demand in the shops. In the latest three months, output of consumer goods was only about % per cent higher than in the first quarter of last year and only 6% per cent higher than in the depths of the recession four years

In the latest three months, output from factories making capital goods rose by 2.2 per cent, compared with the level in the previous three-month period. This reflects the rapid increase in capital spending in recent months.

the latest three-month period.

The figures suggest only a very sluggish recovery of manufacturing industry, in spite of relatively buoyant indications from the latest Con-

Lex. Page 16

Companies urged to develop more job creation schemes

BY JOHN LLOYD, INDUSTRIAL EDITOR

ment yesterday launched a joint ing to work gainfully." high-level appeal to companies to

by a business leader, Sir Terence structure their time and make life Beckett, director general of the worthwhile," he said. Confederation of British Industry (CBI), told a conference on "Company responses to unemployment tween those in work and those out that "the total problem of unemployment we face is vast, and we have not really got a full and proper

He said that widespread change in the structure of work was required - change which went far beyond the mere contraction of older ndustries or the consequences of tight monetary policy.

What was now being witnessed, Sir Terence said, was "a foretaste of Japan and the rest of Europe than a world where sufficient wealth can in the early 1970s. "Our underlying

BUSINESS leaders and Govern- tribution of all those who are will- continues to erode the position. Our

"To solve the problem in the long increase their attention to employ run will involve change in our sociment creation. In one of the strongest state faction to those for whom work is ments yet made on unemployment not available, to enable them to

> and the redistribution of income behope, avoiding putting too much of this redistributive mechanism in the hands of the state."

Sir Terence said that the CBI was in the process of mapping out a "strategy to manage change" which would be the theme of the CBI con-

He warned that the UK remained 20 per cent less competitive than be created without needing the con- performance on unit labour costs

average pay increases are rising more than twice as fast as in Japan, Germany and the U.S., while our

productivity is increasing slower." Sir Terence said that flexible work patterns were becoming entrenched in the UK. "We are rapidly seeing the demise of the 9 to 5, five day week and the arrival of the 24 "It will also involve the problems hour, 365 day a year culture."

Mr Brian Nicholson, Manpower Services Commission chairman, told the conference that business only contributed 2 per cent of the places offered to the long-term un-Enterprise scheme - a scheme which was now expanding by a further 100,000 jobs, to 230,000. Mr Roger Dawe, in charge of

sanpower at the Department of Employment, said that Government remained committed to job-splitting schemes, in spite of their failure so far. However, the schemes would be extended and made more flexible.

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NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Section 6 of the Fiscal Agency Agreement dated as of August 18, 1982 among IBM Credit Overseas N.V. (the "Issuer"), IBM Credit Corporation (the "Guarantor"), and The Chase Manhattan Bank (National Association) as Fiscal Agent and Paying Agent, all the above-mentioned Notes (the "Notes") will be redeemed on August 18, 1985 (the "Redemption Date") at the price of 101.75% of their principal amount, together with interest accrued to the Redemption Date. Payment will be made upon presentation and surrender of the Notes at the below listed paying agencies, together with all appurtenant coupons maturing subsequent to the Redemption Date, failing which the amount of any missing, unmatured coupons will be deducted from the sum otherwise due for payment. Interest on the Notes shall cease to accrue from and after the Redemption Date.

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Paris 75009, France

Dated: July 17, 1985

Exchange rate 'not adverse to industry'

for competitiveness."

Mrs Thatcher said that interest rates would be kept "at whatever level is necessary for downward pressure on inflation and no higher

☐ THE GOVERNMENT should in-Directors said.

relaxed attitude to public borrowing would be consistent with an anti-inflation strategy, provided that the in controlling public spending and the growth of the money supply.

of Transport over the selection of the bidder to build the proposed fixed link across the English Chan-

submit comprehensive scheme ations for a bid.

to toughen their security proce dures at home and overses lines are members.

Mr Nicholas Ridley, Transport Secretary, said that the measures would be backed by statutory powers if necessary to ensure their en-

□ INMOS, the troubled microchip subsidiary of Thorn EMI, is making 220 of its 980 UK employees redund ant. The expected job losses are to

Inmos, warned last week that it would be cutting about one quarter of its 2,000 employees in the two annual costs by £20m.

worth £37m.

venor at Victoria station and the 218-room Charing Cross. The purchase is part of a £100m hotel buy-ing programme announced jointly by Intasun and the U.S.-based Ramada hotel chain in May.

agement, which controls the investnents of the Post Office and British

ential Assurance over £45m for the freehold of two office buildings in

MRS MARGARET Thatcher, the Prime Minister, told the House of Commons there was no reason to believe that the present exchange rate of sterling was adverse to Brit-

In her first public comment since the recent rise in sterling, she said that a fair pound against the dollar meant cheaper raw materials and components while a lower pound made exports more competitive. But she warned that it was "not advisable to rely on the exchange rate

crease its borrowing requirement to finance tax cuts, the Institute of

It claimed in a paper that a more

APPLICATIONS have been received by the Government from 49 companies and 12 banks seeking to act as advisers to the Department

Bidders have until October 31 to Two Anglo-French consortia - Euroroute and Channel Tunnel – have already disclosed extensive prepar

□ UK AIRLINES are being asked discussions between the Govern-ment and the National Aviation Security Committee, of which the air-

be followed shortly by similar cuts Mr Harold Mourgue, chairman of

countries as part of a move to cut □ INTASUN Leisure Group, Brit-

ain's second largest package tour operator, is buying two former British Rail hotels in London in a deal The hotels are the 350-room Gros-

□ TWO OUTSIDE investors are

each taking 20 per cent stakes in Parsons & Co, the Glasgow-based stockbroking firm which is considered to be the second biggest in Scotland.

The two investors are James Capel the London broking firm which is being acquired by the Hongkong and Shanghai Banking Corporation, and PosTel Investment Management which sentials the investment which sentials the investment which sentials the investment.

□ NORWICH union has paid Prudone of the largest recent property deals in London's West End.

□ YESTERDAY'S report of Babcock Power's acquisition of the Robey boiler company named the pur-chase price as £7m. This should have referred to Robey's latest annual turnover. The purchase price was not disclosed.

Ian Rodger charts a steelmaker's difficult recovery path

Gleam on the face of British Steel

man of Hoesch, the West German steel group, said a year ago that only three of Europe's major steel makers had a future - Thyssen of Germany, Hoogovens of Holland and "perhaps Hoesch." Yesterday's report from the Brit-

ish Steel Corporation (BSC) indicates that a fourth producer is making a bid to join this exclusive club. Sir Robert Haslam, BSC chairman, says in his statement that the group's productivity has more than doubled in the past five years "and now compares well with the best in Europe and North America."

However, Sir Robert also ac-knowledges that BSCs recovery from the bottom of the productivity league table 10 years ago is nothing more than a "milestone" in its still difficult and painful drive for commercial viability.

The main contributing factor to BSC's improvement so far has been a drastic reduction in manning. The corporation's workforce has plunged from a peak of 228,000 in

early 1975 to only 64,500 today. Over the same period, its steel deliveries have dropped only 30 per cent to 10.6m toni For all that BSC could only eke

out a pre-tax profit of about £40m last year, after extracting the costs of closures and the miners' strike. And Sir Robert indicates that even though the corporation has continued to be profitable in the first quarter of the present year, he fears that it is "reaching a plateau in the rate of profit obtainable." On equity capital of £3.4bn that is no-where near the survival level, as the chairman also acknowledged. Real viability would require an an-



The biggest obstacle is the lack of their steel shipments to the U.S. growth in demand for steel. In the will create a large displacement of UK, where BSC sells nearly three tonnage which would otherwise quarters of its steel, consumption have gone to the U.S. and which, has actually declined from 17.9m consequently poses a serious threat tonnes in 1970 to 11.4m tonnes last to the stability of world steel year, and there is little prospect of markets." any major recovery. The main maryears ago. The same is true of the main user of strip steel.

sir Robert says that "without sus-Sir Robert says that "without sus-single immovements in these busitained improvements in these business sectors, BSC will find it difficult to reach its profit goals."

As for export markets, BSC is finding the general environment increasingly hostile, mainly because of the rising trend of protectionism its steel that is made via the highly confident that things will now work in many countries. Mr Bob Scholey

nual figure well over 2300m," he BSCs chief executive, says in his says, and the obstades to getting statement that the recent agree-there remain very substantial. ments by many countries to restrict

He also complains of relatively kets for steel beams and plates are high energy and port costs in the the construction, heavy plant and shipbuilding industries, and they as much as £5 a tonne higher than are much smelles than they are much smelles than the smelles that the sme are much smaller than they were 10 those in North Continental ports. "This represents an important penautomotive industry, which is the alty and erosion of modest margins

> further dramatic improvements in of other plants. productivity appear limited. Man-ning levels are stable and the cor-there is still a long and uncertain

was continuously cast, compared with only 29 per cent in 1982.

The potential for price increases also seems limited as long as there is excessive capacity in the indus-try. Sir Robert reiterates his view that BSC must make further major plant closures. He agrees with the European Commission which re-cently stated that steel producers must operate at above 60 per cent of their capacity if they are to make adequate profits.

At the moment, BSC is operating at only two thirds of its maximum capacity of about 20m tonnes. (This should not be confused with its manned capacity of 14.6m tonnes.) Sir Robert does not single out any particular plant for closure, but says. "If the corporation is to achieve and then sustain commercial viability, further changes in our plant configuration cannot be

Despite these negative factors, the corporation does have some fa-vourable forces going for it. The write off of its disastrons Canadian fron mining venture will eliminate £40m of losses at a stroke. And the closure of other large loss-making plants, such as the Hartlepool plate mill and the Tinsley Park (Shefwhen it comes to exporting," Mr field) engineering steelworks, will not only cut costs this year but also help to improve the operating rates

efficient continuous casting pro- out easily.

AMERICAN BAR ASSOCIATION CONFERENCE

U.S. Act 'open to business espionage'

THE U.S. Freedom of Information Nor was it only U.S. companies Act is being used by companies to conduct industrial surveillance or espionage against their competitions, a Washington lawyer claimed in London yesterday.

An Act that way. Japanese car manufacturers used it to find out what their competitors were doing in Japan as well as in the U.S.

An Act that way surveyed to en-

American Bar Association.

"The current trend in Washington formation to federal authorities, Mr Mr Braverman claimed that some

er companies.

An Act that was supposed to en- were becoming more cautious in hance openness in government was their dealings with government being distorted by being used to They were withholding informapeer into business files, Mr Burt A. tion, or altering its form, or forcing Braverman told a meeting of the government to subpoena it - and then fighting the subpoena in court.

The current trend in Washington They had been forced into that is that government is becoming a defensive, less co-operative, posiclearing house for business infor-mation." That kind of use of the Act was affecting competition and mak-ing companies reluctant to give in-ers using the Act.

Braverman said. companies had also stopped doing The Food and Drug Administration received up to 40,000 requests because they had found that a govfor information each year. More ernment contract was not worth the than 80 per cent were from compa- harm they would face if informa-

sure trade secrets and confidential information; but in recent years the U.S. courts had required a higher standard of proof from companies seeking exemption on grounds of

"Reverse" freedom of information suits, in which companies went to court to try to stop government regrowth industry in civil litigation, Mr Braverman said. Dr Kathleen Buck, a lawyer with

the U.S. Defence Department, said the department recognised its responsibility to protect proprietary business data from wrongful disclo-

The Act exempted from disclo-bidders asked for their competitors'

To the extent that a company's information was a trade secret or confidential, commercial or financial information covered by the Act, the department could protect it, Dr Buck said.

The courts had ruled that to qualify for such protection, its disclosure must either be likely to impair the Government's ability to obtain necessary information in the future, or to cause substantial harm to the competitive position of the firm from whom it was obtained. Dr Buck said the Freedom of In-

formation Act had become an important part of the U.S. public affairs programme to ensure account-The department frequently re- ability to the public. That meant ceived requests under the Act from that it was not to be used to cover companies in connection with the up information because it was emaward or performance of contracts. barrassing or revealed mistakes, fore a contract has been awarded, tion was proprietary.

Kansas reactor raises Sizewell PWR hopes

BY DOMINIC LAWSON

HOPES OF quick official approval blow to the campaign to get official for plans to build Britain's first approval for Sizewell. A decision on Sizewell, on the east coast of Engl- ber. and, were raised yesterday by first results from a U.S. nuclear power station on which Sizewell is closely

The Central Electricity Generating Board (CEGB), which argued the case for a PWR during a twoyear public inquiry which ended in March, said the Calloway PWR in Kansas had operated at an average of more than 80 per cent of capacity in its early months of operation.

plant in its first year of operation." technology, in contrast to the PWR, A below-average performance at which has been developed by West-Calloway would have dealt a severe inghouse of the U.S.

ssurised water reactor (PWR) at the project is expected in Novem-

At the public inquiry the CEGB risked its case by nominating Calloway as a "reference plant" for Sizewell, even though the Kansas plant had not then become operational. The CEGB is planning to use the Calloway reactors' performance in a final campaign to discredit the ap-

pearance of the Advanced Gas-Cooled Reactor (AGR). The South of Scotland Electricity Board Mr Brian George, Sizewell tech-nical director, described that as "an would be more efficient than the outstanding performance for a PWR besides being based on UK

U.S. lawyer's status over Laker uncertain

BY DUNCAN CAMPBELL-SMITH

Mr Beckman, who is at present Beckman permission to act in this on holiday, was reported to have capacity while retained by Touche had lengthy conversations with Ross.

Lonrho about the prospects for an anti-trust suit which the company is planning to launch on behalf of two junction with Sir Freddie, and on

retained as U.S. counsel by Mr last Friday. It was not clear last Christopher Morris, of accountants night how exactly the settlement—Touche Ross, who is the liquidator which set \$12%m aside for Mr Beckof Laker Airways. Mr Morris said man and the other plaintiff's lawyesterday that Touche Ross had yers - has affected the retainer.

Beckman, the U.S. legal adviser Beckman's services as counsel and close personal friend of Sir Mr Morris said he had person Freddie Laker, vis-à-vis possible informed Mr Tiny Rowland, Lon-future litigation over the collapse of rho's chief executive, that Touche Laker Airways in 1982.

businesses owned jointly with Sir Freddie

British Airways as well as British anything separately," said Mr Row-Caledonian and other international land. "We are together in this."

THERE were conflicting views yes- last month been approached by terday of the position of Mr Robert Lourho for clearance to use Mr Mr Morris said he had personally

securing Mr Beckman's services as U.S. counses. "There is no question The defendants would include of Sir Freddie or ourselves doing

Ross was not willing to give Mr

Mr Beckman advised Mr Morris At the same time, however, Mr as the plaintiff in the U.S. Laker an-Beckman is understood still to be ti-trust action settled out-of-court

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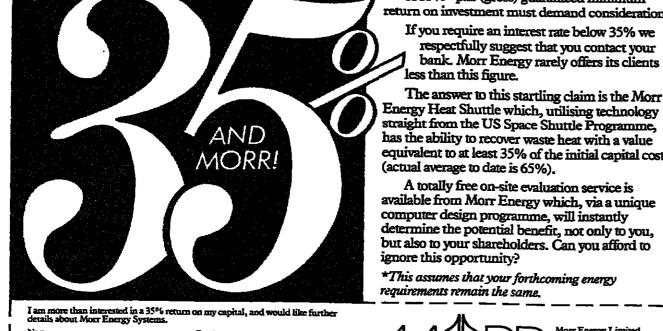
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RESOURCES REVIEW

Boost for China's coal industry

By Gerard McCloskey

SHIJIUSUO

To All Holders of REFINEMET INTERNATIONAL N.V.

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NOTICE

Continental Illinois National Bank and Trust Company of Chicago, as Trustee (the "Trustee") under the Indenture, dated as of February 1, 1981 (the "Indenture"), hereby advises the holders of Refinemet International N.V. 34% Gold Indexed Bonds due February 1, 1996 (the "Bonds") issued under the Indenture that:

1. An "Event of Default" under Section 5.01(a) of the Indenture has occurred and is continuing due to the failure of Refinemet International N.V. (the "Company") to make payment of the annual instalment of interest to Holders which was due February 1, 1985. Notice of that default was published by the Trustee on February 12, 1985.

2. On March 5, 1985, the Trustee declared the Principal Amount of the Bonds to be due and payable immediately (the "Declaration of Acceleration") in written notice to the Company and Refinement International Company and R.M.I. Refinery, Inc., as guarantors (the "Guarantors"), pursuant to Section 5.01 of the Indemure.

3. Under Section 5.03 of the Indenture, unless the Declaration of Acceleration shall be rescinded and annualled, the Gold builtion and moneys held in trust by the Trustee are to be distributed to Holders as soon as practicable after September 13, 1985 (the "Default Distribution Date"), and to the extent that there are sufficient assets therefor, each Holder shall have all the rights pursuant to Article Three of the Indenture to receive delivery in Gold bullion. the rights pursuant to Article Three of the Indenture to receive delivery in Gold bullion.

4. Each Holder has the right under Article Three of the Indenture on the Default Distribu-

4. Each Holder has the right under Article Three of the Indenture on the Default Distribution Date to require delivery of Gold bullion (or a Gold Receipt of a recognized gold dealer in the same jurisdiction as the Paying Agent obligating the gold dealer to deliver to the Holder thereof the amount of Gold specified therein at the office of the gold dealer in such locality) equal to the Face Amount of the Bonds held by him in lieu of payment of the Principal Amount of such Bonds in United States dollars if, prior to August 14, 1985, any Paying Agent receives from the Holder Bonds (with all coupons maturing February 1, 1985 and thereafter attached in the case of coupon Bonds) and aggregating in Face Amount One Hundred Ounces (or an integral multiple thereof), with the form of election on each such Bond appropriately completed and executed by the Holder. Any Holder who does not on or before August 14, 1985. pleted and executed by the Holder. Any Holder who does not on or before August 14, 1985 deliver Bonds to a Paying Agent aggregating in Face Amount a Round Lot for a multiple thereof), together with a signed copy of the forms of election appropriately completed and executed, shall in accordance with Section 3.09 of the Indenture be conclusively deepned to have irrevocably waived his right to elect to receive Gold bullion in lieu of cash payments on the Default Distribution Date.

5. The Paying Agents through which delivery of Gold bullion shall be effected, specified pursuant to Section 4.02 of the Indenture, are as follows: State Street Bank (Switzerland AG) in Zurich (only for registered Bonds), Continental Illinois National Bank and Trust Company of

Chicago in London, and Banque Internationale a Livembourg S.A. in Livembourg.

6. The Paying Agents through which payment in United States dollars shall be effected, specified pursuant to Section 4.02 of the Indenture, are as follows: Continental Bank International in New York, Continental Illinois National Bank and Trust Company of Chicago in Frankfurt, London and Paris, State Street Bank (Switzerland AG) in Zurich and Banque. Internationale a Luxembourg S.A. in Luxembou

Internationale a Luxembourg S.A. in Luxembourg.

7. There will not be sufficient moneys and Gold bullion held by the Trustee on the Default Distribution Date for the payment of the whole amount of principal and interest then owing and unpaid upon the Bonds. Therefore, in accordance with the provisions of paragraph Third of Section 5.04 of the Indenture, each Holder should expect to receive payment on or about the Default Distribution Date of his pro rata share of such Principal Amount and interest, without preference or priority of Principal Amount over interest (or, in the case of Holders who have duly elected to receive the Face Amount and interest in Gold bullion, to the delivery of a like percentage of such Gold bullion). The aggregate amount paid to Holders as above described will be after payment (or provision therefor) of all costs and expenses of collection and reasonable compensation to the Trustee, its agents, attorneys and coursel and all other expenses and liabilities incurred, and all advances made, by the Trustee as provided for in

paragraph First of said Section 5.04.

8. In order to facilitate communications between the Trustee and the Holders, the Trustee requests the Holders to identify themselves in all written communications to the Trustee by stating the Holder's name, address and telephone number, and listing the Bonds held by them and the numbers and denominations thereof. All written communications should be addressed as follows: Continental Illinois National Bank and Trust Company of Chicago, Attention: Corporate Trust Division, 30 North LaSalle Street, Chicago, Illinois 60697.

9. This Notice constitutes a notice to Holders provided for in Section 5.03 of the Indenture.

> Continental Illinois National Bank and Trust Company of Chicago, as Trustee for the Refinemet International N.V. 34%

July 12, 1985

AFTER NEARLY four years of talks Occidental Petroleum has finally signed a joint venture agreement for the development of a major Chinese coal mine—the first Chinese mine to be developed with foreign cooperation.

The agreement, which will lead to the construction of the lead to the construction of the U.S.8650m Antaibao mine in Shanxi province, came as most coal analysts had written off the venture, suspecting that Oxy was planning a withdrawal in the face of lightening world steam coal markets and depressed price levels. ressed price levels.

Although the final go-ahead for the 15.3m-tonne-a-year mine came at a ceremony only at the end of June the uncovering of the coal deposit has started and the partners predict that production will begin in September 1987. Some 8m tonnes of the mine's covernit is destined. mine's output is destined for export, with Japan and South Korea among the most likely customers.

Oxy, which already has con-siderable coal interests through its Island Creek Coal subsidiary, is to take a 25 per cent stake in the mine it originally bid for 50 per cent. The remaining participation will be by the China National Coal Development Corporation (CNCDC) which has a 50 per cent holding and the Bank of China Trust and Consultancy Company (POCTC) which the bank of China Trust and Consultancy Company (BOCTC) which takes the bal-

Oxy says that 90 per cent of its and BOCTC's investment will be provided by a consortium of international banks including Bank of America, Royal Bank of Canada, the Industrial Bank of Japan and Credit Lyonnais.

That Oxy has won the race to open the first international coal project in China — ahead of Shell's smaller Jinning II pit in the coastal province of Shandong, owes much to the personal influence of Dr Armond Hammer, the remarkable 87-year-old chairman and chief executive officer of

But having arrived at this point, Oxy still faces some difficult times in a venture which was planned in the early 1980s, when swiftly-rising prices were backed by a series of forecasts promising a rapid expansion of demand for the rest of the century.

Antaibao's coal will have to

bian mine, El Cerrejon, which by 1987 will be producing 15m tonnes of coal a year — compared with 3m tonnes expected to be exported this year. South Africa is also expected to be shipping an additional 15m tonnes of steam coal by the end of the decade. With extra ton-

compete with the large Colom- 11,500 Btu/lb and the sulphur re-rated from a projected 15m bian mine. Fi Cerreion, which figure of 1.5 per cent is poor tonnes to 5m tonnes a year and figure of 1.5 per cent is poor and compares with well under 1 per cent for most internationally-traded coals apart from that from the U.S. The coal also faces a lengthy 500 km-plus rail haul to the export terminal at hopes held out for the Chinese Coal industry are more than full to the coal industry.

EAST CHIMA

has yet to attract Western par-

SEA OF JAPAN

Qinhuangdao on China's N.E. coal industry are more than ful-Pacific coast and much of the filling their promise. A target

Antaibao's coal will have to compete with the large Colombian mine, El Cerrejon, which by 1987 will be producing some 15 tonnes of coal a year

market from Australia and stantial upgrading to be able to 600m tonnes at the start of this Canada and, possibly, the U.S., carry the export tonnage.

Oxy's Chinese coal could be Antaibao also compares uplooks achievable. Production struggling to find a market.

Also the mine may prove expensive to operate with an overburden (waste rock) to coal ratio quoted at nine to one: "not world class," commented one mining specialist. If this were not problem enough for Oxy, the quality of the coal is not particularly high. Oxy declines to confirm the figures Oxy but the heating value of the coal high calorific coal prospect at is believed to be a mid-ranking Shenmu but this was recently

favourably with Shell Coal's has increased each year since Jinning II pit. Coal quality, the beginning of the decade and with 12,000 Btu/lb and less than last year rose by 45m tonnes to

with 12,000 Btu/lb and less than

1 per cent sulphur, is higher
and the proposed mine will use
an existing railroad for the
relatively short haul to the
Shijiusuo terminal which is
already handling 100,000 dwt
Jinning, a large proportion of coal-carrying vessels.

There is another low sulphur, been at the other end of the high calorific coal prospect at scale: the profusion of mini Shenmu but this was recently mines which has followed the

rail route is said to need sub- to double production from

One possible conclusion is that Oxy and the banks involved are eager to back Antaibao primarily because it is Chinese, rather than because of its economics. China is seen as a growing market and early

lifting of the state monopoly on coal mining in 1983. Today

50,000 such pits are operating

— almost three times the number working at the start of 1983. Last year these private enterprise mines produced 203m tonnes of coal, well over a quarter of national output.

But when it comes to exports

But when it comes to exports
of production — the future
belongs to foreign-financed
mines. Ten joint venture/
foreign financed coal projects
are in various stages of consideration with a combined 57
tonne output, a sixth of which
will be sold overseas.

Although Chinese expecta-tions for their exports are not

high, with CNCDC forecasting a rise of 10m tonnes to 16.5m tonnes by 1990 and a further moderate rise to 20m tonnes by

the end of the century, the amouncement of shipments of 'ntaibao coal at a time when the venture had been written off

by more than one forecasting house, is most unwelcome news

for mines serving the inter-national marketplace.

participants may have a head start when the richer pickings become available in the years But the bankers involved in advancing over \$400m in loans insist that this is not the case and that they are in Antaibao for its own worth. The geogra-phical advantage of China for coal sales to Japan, Taiwan and South Korna is obvious. Per-

South Korea is obvious. Perhaps the bankers say, political difficulties of China marketing to the latter two countries could be overcome if the Occidental share of the coal could be mar-keted as U.S. coal. But despite the size and cost

of the mine, those who had already written it off as a romantic interlude on the part of Mr Hammer, seeking to open up Communist China to trade in the way he opened up Leninist Russia more than half a century before, have been proved wrong. The world coal market may not Jinning, a large proportion of the increase in recent years has be quite ready for Antaibao, but the project is here to stay.

MAS 747 BUSINESS CLASS. More legroom for a lot more stretch.

Comfortable seats. Attentive service. Excellent cuisine. MAS 747 Business Class makes the business of travel a pleasure.



Mas WE'LL TREAT YOU LIKE GOLD

protection

moisture

SEET corrosion and

John S. Bass and Co. Ltd.

joins deal on

automation

FERRANTI is the latest company to announce its commitment to the manufacturing automation protocol (MAP) devised by General Motors, MAP allows computers, machine tools, robots and other automation course.

061-834 3071

Telex 666736

Ferranti

Four steps

in the thought process of a computer

intelligence has been a goal of academic research for more than two decades; the "expert system" is one of the first fruits

of that quest,
A truly "intelligent" machine
would be able to acquire, store, retrieve, manipulate and apply knowledge to problems. The present state of the technology allows such systems to be built only for specialised or expert

According to Systems
Dynamics of Chorleywood,
Hertfordshire, which has made
a special study of artificial
intelligence in the UK any
expert system must contain four
modules.

modules. First, a mechanisms for cap-First, a mechanisms for capturing data or rules either from a human expert of a database—the Helix Expert Edge will interface for example, with the Lotus 1-2-3 integrated spreadsheet and the Ashton Tate database packages Dbase II.

Second, a directory of data, rules and relationships. Many expert systems work on rules of the form: If X and Y then Z.

Next there must be an in-

Next there must be an inference engine, a tool for har-nessing the knowledge base when presented with possibly incomplete data so that it produces an output or explanation.

Last there must be a mechanism making it possible for the
machine to explain how it arrived at its recommendations or

Systems Dynamics gives as an example the output from a vehicle maintenance system. System: "I have +2 (high) probability of worn

User: "How" (did you arrive at this conclusion).

System: "Knocking noise from lower end of engine."

"Loss of power."
"Low oil pressure." "Noise idling." when

reduced cruising. load. '

Faced with such a damning diagnosis, what motorist would not take his of her car in immediately to have the bear-ings replaced?

Development of Artificial Intelligence in the UK, £360, Tel: 09278 4674.

Tenders for the supply of:

Monopoly on Foreign Trade.

Tenderers shall be bound of this Call for Tenders.

Suddenly, everyone's mind turns towards artificial intelligence

Alan Cane finds a spate of interest in expert systems

systems, software which confers a measure of "intelligence" on personal computers. They are one of the most important kinds of advanced computing aid, yet business and industry had shown little interest in their potential until a few months ago. Now the situation has changed dramatically. Mr Michael Newman of the

Mr Michael Newman of the National Computing Centre says of the centre's expert system starter pack: "There is an enormous degree of interest at the moment. We have already sold between 150 and 200 of the starter packs—it is what we hoped for but we were taken by surprise by the speed at which they went."

saiprise by the speed at which they went."
Simon Parry, sales manager of Expertech, a small artificial intelligence company, says: "It is an extraordinary situation. We started running seminars on We started running seminars on expert systems once a week. Now demand is so great, we have to run them twic a week. "If we run demonstrations in individual companies, we find 30 or more people coming where we could have expected half a dozen." We have only been selling

"We have only been selling our system since June but already we have had sales or pro-mises of sales to 30 per cent of the UK's top companies.' It is said that Experiech achieved its first quarter sales

technology and to experiment with prototypes of the kind of systems they would like to see installed in their organisations.

Teasoning.

Early expert systems dealt with the diagnosis of disease, installed in their organisations.

so what has happened in the past few months? Expert systems, after all, are not new although they are still a comparative novelty in commerce and industry.
What has happened is the

emergence of expert systems for the ordinary man, systems cheap enough to be bought in hundreds by large corporations to run on ordinary personal

computers.
"There is certainly a lot of "There is certainly a lot of glamour attached to artificial intelligence computers at £30,000 and more," says Mr Imberg. "But it makes more sense to come in at the low end using a standard personal computer."

BRITISH companies are showing unprecedented and unexpected enthusiasm for expert systems, software which confers a measure of "intelligence" on personal computers. They are one of the most important kinds of advanced computing aid, yet the information can be manipulated, derived from the experience of an expert in the sells a product called Expert subject. And there is computer software making it possible for an inquirer to ask a question of the system and get a panies are buying expert system. panies are buying expert sys-tems to gain experience of the explanation of the steps in the

> They may be buying only one and the control of sophisticated or two systems at present, but manufacturing processes, all these companies are thinkan these companies are thinking about multiple applications."
>
> All these systems were developed on large and expentions."

sive computer systems by artificial intelligence specialists. The result was that although the value of expert systems was clearly understood, their operation was shrouded in mystery, their practicality in doubt. practicality in doubt.

The big change in the past few months has been the realisation that simple, low cost expert systems, running on personal computers, can be used by people who are not experts in computing in order to create worthwhile systems.

This was the aim of the NCC's starter pack (named the Alvey starter pack after the UK's initiative in collaborative



systems, Expert Ease (devised originally by Professor Donald Michie of the Turing Institute in Glasgow); Micro Expert, a program which sets a degree of confidence on its advice; Expert from Expert Systems Adviser from Expert Systems International and Micro SYNICS, a simple system created by Liverpool Polytechnic.

The four examples are demon-strations rather than full-blown working systems, but they give a good insight into the way these products work.

The Expertech product, Xi, is, at £495, finding a ready market among companies anxious to store the knowledge of their end using a standard personal initiative in collaborative development in advanced computer."

At its simplest, an expert system is a collection of information about aparticular subject stored in the memory of a computer. There are also initiative in collaborative in development in advanced computing).

Costing £550, the Alvey pack consists of extensive documentation together with examples of the armourer turning of some of the applications to ing out exquisite gun barrels which they can be put. Maintained, the system store the knowledge of their to-use systems that the example of the armourer turning of some of some of the applications to ing out exquisite gun barrels which they can be put. Maintained to the system of the armourer turning of some of the applications to ing out exquisite gun barrels which they can be put. Maintained to the system of the armourer turning of some of some of the applications to ing out exquisite gun barrels which they can be put. Maintained the system of the armourer turning of the armourer turning of some of the applications to ing out exquisite gun barrels which they can be put. Maintained the system of the applications to ing out exquisite gun barrels which they can be put. Maintained the system of the armourer turning of the system of the put of the system of the armourer turning of the armourer t

proclaimed the lathe unsuitable for weapon manufacture. An expert system could have captured all that skill for out: "Although it is simple for posterity.

At £650, the Helix product Expert Edge uses only facts, rules and probabilities to build an expert system. As well as iutifying its answers-a very important attribute of an expert system—Expert Edge can also justify the questions it asks

in its dialogue with the user.

There is something of a danger in these smaller, easy-

ment, no one else could achieve expert system can resermble his quality and outside "experts" nothing more complicated than

But as Mr Alex d'Agapeyeff, chairman of Expertech points out: "Although it is simple for the beginner, it is also a power-ful tool in the hands of pro-fessional knowledge engineers like those at the Imperial Cancer Research fund."

Most of these new-style ex-pert systems for the ordinary man are being developed and marketed by small companies. But even IBM, although it is officially cautious about the short term prospects for sys-tems based on artificial intelli-gence, last year launched an expert verten shell. Prior and expert system shell, Prism, and an expert sid to computer operators, Yes MVS, among a clutch of artificial intelligence

puters, machine tools, robots and other automation equipment from different manufacturers to be connected together.

Ferranti joins over 100 companies including IBM that have made varying degroes of commitment to MAP. About 12 of them, including Motorola. Distial Equipment Corporation, Concord Data Systems, Industrial Networking and Ungermann Bass have said they will make suitable products. suitable products.

MAP is a major initiative to standardise multi-channel networking in manufacturing. It is based on the International Standards Organisainterconnection (OSI) using a broadband (bigh information rate) network. Ferranti is an established broadband system supplier

broadband system supplier and also offers process control systems. It plans "to pace its product development against the emergence of the latest MAP standards" and will provide appropriate MAP-compatible interfaces on to its broadband communications systems. munications systems.

The company is encouraging users to lay down broad-

hand networks now, in preparation for full MAP implementation. Some 60 Ferranti broadband systems are already operational

Measured move

MEASUREMENT specialist C. E. Johansson of Dunstable has a new roundness measuring machine for mechanical components.

Using an advanced microprocessor program to sim-plify measuring, it is claimed to be both accurate and reliable. Straightness and flatness can also be measured.

Chance for sugar trade expert's memory to live on an is enthusiastic about Xi: Experiech is working to improve this, I'm told."



paralleled knowledge

Contracts and Tenders

ET POPULAIRE

MINISTÈRE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES ET PETROCHIMIQUES (Ministry for Endrgy & Chemical & Petrochamical Industries)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS

NOTICE OF INTERNATIONAL OPEN CALL FOR TENDERS NUMBER 553/1K/MF The National Oil Exploitation Company is launching an International Open Call for

DRILLING CABLES OF DIFFERENT DIAMETERS

This Call for Tenders is intended for manufacturing companies only and excludes amalgamations, representatives of companies and any other intermediaries, in conformity with the provisions of the Law No. 78-02 of 11 February 1978, with respect to State

Tenderers Interested in this Call for Tenders may obtain the specifications from the

for the amount of 400 Algerian Dinars, with effect from the date on which this notice

Offers, of which five (05) copies should be prepared, must be sent in a closed double-sealed envelope by registered mall to the Secrétariat de la Direction des Approvisionnements (Secrétariat, Supplies Division) at the above address.

The outer envelope aboutd bear no mark that might identify the tenderer, or any heading, and should read: "APPEL A LA CONCURRENCE INTERNATIONAL OUVERT NO. 553/IK/MF — CONFIDENTIEL — A NE PAS OUVRIR "(International Open Call for

Tenders was to received within 45 days after this notice is published.

Tenderers shall be bound to their offers for a period of 180 days after the closing date

REPUBLIC ALGERIENNE DEMOCRATIQUE

ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES

(Ministry of energy and Petrochemical Industries)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS (National Oil Exploitation Company)

NOTICE OF EXTENSION

The National Oil Exploitation Company (E.N.T.P.)—16 ROUTE DE MEFTAH—OUED SMAR— EL HARRACH—ALGER—bereby informs companies concerned with international Call for Tender No: 9138/AY/MEC for the supply of:

Lot No 1:-Tractors 6 x 6 equipped with winch, 450-500 h.p.

that that closing date, initially set at 1/7/85, has been extended to 7/8/85.

- Lot No 2:-Tractors 6 x 6 with 30-ton capacity, 300 h.p.

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS (ENTP) 16 ROUTE DE MEFTAH, OUED SMAR, EL-HARRACH ALGIERS, ALGERIA

Direction des Approvisionnements (Supplies Division)

Tenders No. 553/1K/MF - Confidential - Do Not Open).

main board director at Tate & Lyle, will retire soon taking with him a knowledge, probably unparalleled anywhere in the world, of the sugar industry and its regulation. clean electronically.

"We are going to lose a lot of that experience" be-moans Mr Jeff Packman, T&L group senior computer consultant, "It will take his successor two to three years to build the same knowledge." Which is why Mr Packman is putting a lot of faith in his Expertech XI system, delivered some three weeks ago. He plans to archive Mr Thomlinson's encyclopaedic

knowledge of the sugar business, storing it in the Xi database for posterity. Mr Thomlinson has yet to agree to having his brains picked

T&L is the kind of company that would be expected to be in the vanguard of expert system experiments; it is a sophisticated computer user and was one of the first of the UK organisations to move from centralised to decentral ised data processing to service the many different organisa-tions which make up the

For a hardened data processing professional, Mr Pack"It is a marvellous product. In the right area I can see it making a real contribution."

"Our first plan is to use it for pension fund legislation. With our overseas acquisi-tions, our in-house pensions experts now have to absorb an awful lot of knowledge." "Xi is very easy to use after the knowledge base has been set up and even that does not seem very difficult. "I'm generally thrilled with it,"

"It does have a flaw, however. Its mathematical ability is poor and that will be quite important when we apply it to

Among the kinds of uses to which expert systems of the Xi type can be put as well

as rare skills archiving which Mr Packman is planning are clarifying hidden skills and the creation of readable manuals and regulations.

Safety manuals are a typical example of the third class. Alex d'Agapeyest argues:
"The majority of such
manuals are written to be
defended and not to be readable. As a result, many of
them are not read and have little influence on any actual safety regime in force."

safety is a natural rule based discipline. Any manual can be supplemented with summary heuristics (potted knowledge) which, with care are made practical and memor-Professor Kowalski and his

team have implemented most of the British Nationality Act, a remarkably opaque document even by the pormal standards of British law, in the artificial intelligence language Prolog. He has shown it can be translated into rules intelligible to an

Company Notices

REPUBLIC ALGERIENNE DEMOCRATIQUE ET POPULAIRE MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES (Ministry of Energy and Petroc ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS (National Oli Exploitation Company) REPUBLIQUE ALGERIENNE DEMOCRATIQUE

NOTICE OF EXTENSION

The National Oil Exploitation Company (E.N.T.P.)-16 ROUTE DE MEFTAH-OUED SMAR-EL HARRACH—ALGER—hereby informs companies concerned with International Call for Tender No: 9140/AY/MEC for the supply of:

- Lot No 1:-Ambulances L.R. Type 109

- Lot No 2:- Jeeps for trouble-shooting/inspection purposes Type 109

that the closing date, initially, set at 1/7/85, has been extended to 7/8/85.

IRBID DISTRICT ELECTRICITY COMPANY LTD.

THE HASHEMITE KINGDOM OF JORDAN JORDAN ENERGY DEVELOPMENT PROJECT

IBRD LOAN NO. 2371-JO

The Irbid District Electricity Company Ltd. (IDECO) invites tenders for the supply CIF Aqaba, Jordon, of material listed below. The projects will be financed by the International Bank for Reconstruction and Development (IBRD) and tenders are acceptable only from countries who are members of the IBRD, Switzerland, Taiwan and China.

MATERIALS FOR ELECTRICAL DISTRIBUTION NETWORK

i) Supply of hexagonal galvanized bolts, nuts and steel sheets —
25114/01/1

Tenders are invited for the supply and delivery CIF Aqaba of the following:

133600 mild steel bolts

150 steel sheets Tender document price U.S. dollars 50 or J.D. equivalent in

Jordan.
Supply of overhead line conductors and fittings — 25114/03/1
Tenders are invited for the supply and delivery CIF Aqaba of the following:— 2050km aluminium conductor Sûkm copper conductor

parallel groove clamps
Tender document price U.S. dollars 50 or J.D. equivalent in

Supply of underground and overhead self-supporting cables — 25114/03/2 Tenders are invited for the supply and delivery CIF Aqaba of the following:—

39 km LV underground cable Self-supporting overhead cable and accessories Straight joints for underground cable Cable lugs and shrouds Tender document price U.S. dollars 50 or J.D. equivalent in

Supply of 33/0.4 kV distribution transformers — 25114/04/1 Tenders are invited for the supply and delivery CIF Aqaba of the following:—
20 50kVA 33/0.4kV transformers
20 100kVA 33/0.4kV transformers
20 250kVA 33/0.4kV transformers

Tender document price U.S. dollars 50 or J.D. equivalent in Tender documents are available and obtainable by application in writing to Irbid District Electricity Co. Ltd., PO Box 46. Irbid, The Hashemite Kingdom of Jordan, accompanied by a cheque for the appropriate J.D. amount, as above. These sums are not

Tender documents will consist of three documents; one of which will contain the IEE/Meche. General Conditions of Contract (B1).
Two copies of tenders must be submitted to IDECO office in Irbid by 12 noon on the 2nd September for 25114/01/1 and 25114/03-1, 3rd September for 25114/03/2 and 25114/04/1.

fixed price contracts are required and tenders must be valid for four months and be accompanied by a bid bond as specified in the

Legal Notices

No. 1165 of 1985
IN THE HIGH COURT OF JUSTICE
IN BANKRUPTICY
IN Registrar Pimm
Re: REINER JOHANNES KORDES
(mail)
EX Parte: NORFOLK CAPITAL
MOTELS LIMITED

HOTELS LIMITED IN THE MATTER of a Bankruptcy Patition filed the 10th day of May

Parition Ried the 10th day of May 1885.

To Reiner Johannes Kordes (male). To Reiner John Swi EEG and lately residing at 15 Byron Court, Feirlas Road, London NW6, but whose present place of residence the Peutioning Creditor is unable to sacertain. TAKE NOTICE that a Bankruptey Petition has been presented spainst you in this Court by Notfolk Capital Hotels Limited of 8 Cramwell Place, London SW7 2JM and the Court has ordered that publication of this Notice in the "The London Standard" newspaper and in the "Finencial Times" newspaper shall be deemed to be service of the Petition upon ybu; and further take notice that the said Petition will be heard at this Court on 28th August 1985 at 1 o'clock in the forencon on which day you are required to appear, and if you do not appear the Court may make a Receiving Order against you in your absence.

The Petition can be inspected by you on application at this Court. ine Petition can be inspected by yon application at this Court.
Dated this 21st day of June 1985.
Narron Rose Betterall and Roche of Kempson House
Camomile Street
London ECSA JAN
Creditors Solicitors—Ref NSW/FF

Tel: 283/2434 GEOFFREY PIMM

MENMET BROTHERS LIMITED (In Voluntary Liquidation)

NOTICE IS MEREBY GIVEN, In pursuance of section 300 of the Companies Art 1948, that General Meetings of the Members and Crediture of the stoven-amed Company will be held at the offices of Single & Company, Chartered Accountants, New Broad Street, London EC2M 1NN on 2nd August 1935 at 200 pm and 2-30 pm in the forencon respectively, to receive an account showing how the winding-up of the Company how the winding-up of the Company has been conducted and its property disposed of and to hear any explanation that may be furnished by the Lauddator and to pees a Resolution 3s to the disposal of the books, accounts and decrements of the Company.

the Company.

8th July 1985.

8th July 1985.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs.) IN MARUBENI CORPORATION ptice of March 25, 1985 FDR hall on his paid a dividend to holders of payable is yes 25 per Common S o the Terms and Conditions the D

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN NISSIN FOOD PRODUCTS CO., LTD. Citicorp Bank (Luxembourg) S.A. 16 Avenue Marie Therese 336 Strand, L July 17, 1985.

NOTICE TO HOLDERS OF EUR	OPEAN DEPOSITARY S	RECEIPTS (EDRS) IN
Further to our notice of March Sharp Corporation his pails of the The Cash dividend spetible is Yes the net amount for the Terms a the net amount siter deduction States Dollars. EDR bilders may to the undermantlened agents. I holding tax is subject to receipt afficiarly of retidence in a count Japan giving the benefit of the in baving such arrangements are as	Idend to holders of re 1 5.5 per Common Sh and Conditions the De- of Japanese withhold I now preent Coupon Payment of the civides by the Depositary or ry having a tax treat civided withholding rate	cord March 31, 1985 och of Yen 50,00 per positary has converted no taxes, into United n No. 8 for payment with a 15% with the Agent of a value
A. R. of Egypt F. R. of German Australia Finland Balgium France Enazil Caneda Indonesia Caschoslovakia ireband Denmark Italy	Malavsia The Nethorlands New Zealand Norway Poland Rep. of Korea Rotrania	Singapore Spain Swaden Switzerland United Kingdom U.S. of America Zambla
Failing receipt of a valid attident of the rate of 20% on the gro- will also be applied to any di- Amounts payable in respect of ci-	i japanese withholding Li dividend pavable. Videnda uncialmed afte	tax will be deducted
Coapen Nd. 8 EDR Gross denomination Dividend 1,000 shares \$22.17	Bividend payable less 15% Japanese withholding tax \$18.85	Dividend psymble less 29% Japanese withholding tax \$17.74
Depositury: Chiasek, N.A. 336 Strand, London WC2R 1H8 July 17, 1985.	Citicara Bani 16 Avenu	Agent: ((Luxembourg: S.A. e Marie Therese
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OF THE NEAR EAST PLC INTERIM STATEMENT Benkside House. 107-112, Lragenhall Street. London ECSA 4AE.

Clubs

Art Galleries



THE MANAGEMENT PAGE

WHICH international group has the largest number of hotels in France, West Germany and the Netherlands, is build-ing a hotel in Peking, is worldwide market leader in the issuing of meal vouchers, provided the catering for the Organisation of African Unity summit last year and owns a string of fast food restaurants in California?

The answer is the French-based Accor group. It is a name which few overde France have ever heard of and even fewer are aware of its full range of activities. Indeed. Paul Dubrule and Gerard Pelisson, the two-man team which runs the group, would be the first to admit that it still has a problem projecting its name.

Accor had its beginnings nearly 20 years ago in a single three-star hotel on the outskirts of Lille in northern France built by Dubrule and Pelisson largely on borrowed money and on equity capital scratched together from relatives and friends. It is now a major international hotel, restaurant and services group operating in 62 countries with a turnover in excess of FFr 10bn (£840m) and a strong profit record.

This makes it the largest French hotel group (and the ninth largest in the world behind the American giants and the British Trust House Forte and Imperial Group's Howard Johnson subsidiary)—a track record which won Dubrule and Pelisson the French accolade last year of "Managers of the

As part of its policy of increasing its access to the international capital markets and widening its share ownership, the group is now set to make the Accor name better known outside France. To this end Dubrule, 50 and Pelisson, 53, will be in London tomorrow to alk to investment analysts.
We are interested in giving a more international character to our share ownership," Pelisson

Though the origins of Accor go back to 1967, the name was only born two years ago with the merger between Novotel (the group founded by Dubrule and Pelisson and which includes the Sofitel. Mercure and Ibis hotel chains) and Jacques Borel (one of Europe's largest restaurant and institutional catering groups and a previous owner of Sofitel).

Accor's activities now embrace 486 hotels worldwide from the one star category tial is in institutional catering. through to luxury hotels), 1.616 "In the years to come" he restaurants (including the Seafoul Broiler, Courte Paille, and companies will increasingly Churrasco and Pizza del Arte contract the management of theirs, meal very their extering corriect to cut.

Corporate identity

A Gallic appetite for growth

David Housego, in Paris, reports on the strategy of France's largest hotels group



travel agencies. Pelisson believes that this seeming hotch poich of hotel,

catering and service activities (similar in some ways to Trust House Forte and to Marriott of the U.S.) provides in fact a well-knit whole. With all its activities "we have an entrance ticket which can carry us into any country in the world," he says.

Dubrule and Pelisson also believe that the hotel and catering industry is an expanding mar-ket. Both holiday and business travel are growing but in many cases the stock of hotel rooms is ageing. Dubrule points to the example of France's one star hotels in city centres or small towns where room! have grown shabby with age. "The stock of hotel rooms is naturally dechining," he says. "Owners either sell out to realise a capital gain or they cannot afford the upkeep." Accor is now building in France a new chain of Formula 1 hotels with the emphasis on providing a modest but comfortable room at under FFr 100 a night.

Pelisson says that another area where he sees great potenchains), meal vouchers (Ticket their catering services to out-Restaurant), institutional cater-ing (Generale de Restauration), cent of them provide these

food and lodging services for facilities themselves. But they major long term construction want them better managed and projects (Compagnie Internationale de Restauration) and There is a substantial market There is a substantial market share that we can absorb." Both are optimistic as well

over the longer term future of the restaurant market. "It is obvious that people are eating out more and more," Pelisson says. But Dubrule adds that the problem is to find the right mar-ket at the right time and to create a restaurant chain which has a competitive edge over the specialised product that an individual owner can provide.

But there are other advan-But there are other advantages as well in the group's particular product mix. The hotel industry is costly in investments and slow yielding in profits. "The investments we are now making in the Far East will not bring in anything for eight years," Dubrule points out. "In the U.S. we still need four to five years to break four to five years to break even." But restaurants, catering services and the issuing of meal vouchers need little outlay and bring quick returns.

Dubrule and Pelisson are themselves a unique phenomenon in the French themselves unique business world—as inseparable as names as Procter and Gamble or Marks and Spencer. They built the first Novotel together in Lille in 1967, co-chaired the Novotel group and are now copresidents of Accor — never taking a major decision without consulting the other. But be-cause French law demands that

one man carry legal responsibi-lity in a company, they in practice take it in turns to hold the president's post. This year it is Dubrule's turn.

At first sight they could not be more different. Dubrule is a fair haired northerner from Tourcoing near Lille, who wears sports jackets and likes to bicycle in his free time. He is more responsible for sales and product development.

Pelisson is a stocky, golf playing southerner from Lyon. He went to the Harvard business school and then MIT before rising to be director of planning and control for IBM Europe. He is the team's financial expert.

The first Novotel at Lille had all the hallmarks of the Dubrule/Pelisson style — a location outside a city centre and close to the airport and the motorway, standardised con-struction to keep down the costs, comfort and efficiency of service. The surprise, says Pelisson was that the restaurant did "much better than we had expected." expected." American hotel experience had been that there was little money to be made out of hotel restaurants.

Partly as a result of their Lille experience they purchased in 1974 a majority stake in the

Worldwide, half the hotels belong to the group and half are either managed or licensed under franchise. But the rapid pace of expansion has involved heavy borrowing. Long to meet a tool at FFr 2.47bn in the balance sheet at the end of 1984 (including FFr 810m of convertible stock).

vertible stock).

With capital and reserves of FFr 848.7m, this represents a debt-to-equity ratio of 65/35. Felisson is not worried about this, describing it as "nothing extraordinary" in the hotel industry — particularly for a company that is young and thus does not have the advantage of the longer established hotel groups of a stock of hotels free of financial charges. Dubrule adds that FFr 700m should be added to the group's caupital and resources to take account of unrealised capital gains—but ones which were acknowledged during the auditing that preceded the Jacques Borel takeover. Borel takeover. The compensating factor for

this still large volume of debt is that the group is building up a substantial portfolio of property assets, and that as the backlog of debt is paid off profits will be boosted by a decline in interest charges.

decline in interest charges.

Net consolidated profits rose last year by 53 per cent to FFr 142m—still modest in relation to a turnover of FFr 9.8bn. Accor has forecast under five-year plan it presented in 1983 that turnover will rise by 8 per cent in real terms over the period and net profits by 12 per cent.

Nonetheless, Dubrule cedes that the group could not have expanded so fast without understanding shareholders. He says: "When we began we told our shareholders that they would not touch a dividend for five years and that they could not expect profits for five or six. In fact were were a year in advance on our programme." He adds: "In 18 years our share price has doubled every three

says Pelisson. "We knew nothing about institutional catering." They then agreed to Accor has no plans for seek a listing on a foreign Stock Exchange—though it does not rule out obtaining a separate quotation abroad for a subsidiary. But in seeking to make Accor better known in other manage Jacques Borel for a period before deciding on a financial commitment. "It was an astonishing chance," Dubrule Accor better known in other financial centres its aim is to sent a "very, very good oppor-tunity." But before finalising the deal they consulted the facilitate long term fund raising —last year it raised \$40m in a convertible issue in London largely to finance its U.S. activities —and to broaden its Lille experience they purchased in 1974 a majority stake in the Courte-Paille group of grills, also located on the outskirts of cities or close to motorways.

Expansion was rapid—hence the flight of birds that they might that they might on Broadway in New York last year and continuing its move into mid-city then have a partnership role in sites with the opening of the company ends.

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Dispute over 'a place of business'

I am in dispute with the Department of Health and Social Security over what constitutes a "place of business" with respect to a company registered under the Companies' Act and its liability or not for class 1 National Insurance contributions for employees working oversess together with the employees together with the employees' consequent eligibility to make such contributions. I have so for been unable to obtain any more detailed explanation of the matter than that contained in the DHSS's leaflet N1.132/June 82 where, leafiet NL132/June 82 where, after defining at the end of item 1 a place of business as being "a place from which a company can" (as distinct from "does") "as of right, conduct its business or from which its agent has power to conduct business on its behalf," it implies that, details apart, a more over-riding conhalf," it implies that details apart, a more over-riding consideration is that "a business incorporated in Great Britain under the Companies Act will normally be regarded as a place of business in the UK."

The company in question operates in the Middle East and, in addition to its Kuwait office address, lists on its headed letter paper its London office complete with telephone number and telex and cable addresses. There is and cable addresses. There is nearly always someone in attendance at this office (which is not however the office at which the company is in fact registered) but I am not familiar with the nature of any business conducted from there apart from personnel recruitment for the Middle East business. Middle Kast business.

The DHSS has stated that "where a company has been registered under the Com-panies Act it is usual for a place of business to exist at the address at which the comthe address at which the rom-pany has been registered. However, in this particular case no business activities appeared to have been car-ried out at the address at which the company had been registered (which was not the office) and the extensive enquiries that were made by our HQ indicated that the office address could not be considered to be a place of

An enquiry to Companies House has revealed that registration under the Companies Act requires a company to do

no more than periodically pre-sent certain trading informa-

We think that your argument that the company's office is a "place of business" for the purpose of the DHSS assessment of whether National Insurance Contributions are required to be paid has some considerable strength. It is correct that the phrase has not been defined in the relevant statute or statutory instruments, and that it seems not to have been the subject of judihave been the subject of judi-cial interpretation. The same phrase, however, occurring in Section 406 of the Companies Act 1948 has recently been con-sidered in the Court of Appeal and answered in a sense which and answered in a sense which favours your view (see South India Shipping Corporation Ltd v. Export-Import Bank of Korea (1985) 1WLR 585). Here the judge at first instance took the plant of the DESS judge at first instance took the view expressed by the DHSS, but was overruled by the Court of Appeal. It seems that you can now press this authority on the DHSS as strongly persuasive, even though not a decision on the Social Security Regulations themselves, and this is a more cogent argument since the DHSS has relied on the position under the Companies Act in its representations to you which you cite,

An employer's decision on an untied house

Twenty years ago, an em ployer of a professional man told him that he could do what he liked in his tied house as when he retired it would be his. Now, after spending a considerable sum on im-provements, and prices have rocketed, the employer, who has sold his business (com-plete with employee) has decided to keep the house and wants him out in order to sell.

Has he any security of tenure, and can he claim for the improvements which will have increased the value? It is possible that the em-

ployer has set up an estoppel which would prevent his recovering possession of the house during the employee's lifetime. The law on this subject is completed with the control of the cont ject is complex, and it would be wise to consult a solicitor.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by

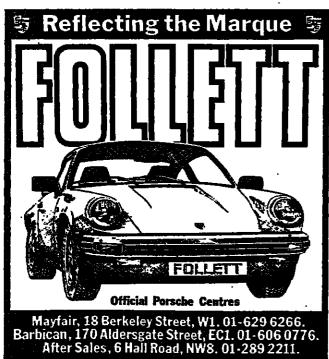
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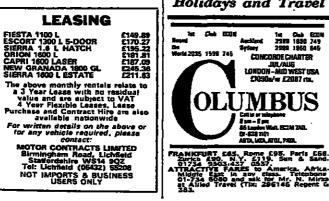
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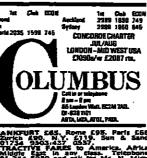
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Legal Notices

NOTICE IS HEREBY GIVEN that the creditors of the above-nemed Company, which is being volumently wound up, are required, on or before the 4th day of October 1985 to send in their full Christism and Surnammes, their addresses and descriptions, full particulars of their debte or claims, and the names and addresses of their Solicitors (if any), to the undersigned Surjik Kumer Singla, F.C.A., of Singla & Co., Chartered Accountants, of New Broad Street House, 35 New Broad Street, London EC2M 1NH, the Liquidetor of the said Company, and, if so Street, London EC2M 1NH, the Liquide-tor of the said Company, and, if so required by notice in writing from the said Liquidator, are, personelly or by their Solictors, to come in and prove their debts or cloims at such time and place as shall be specified in such notice, or in defult thereof they will be excluded from the benefit of any distribution made before such debts are proved.

S. K. SINGLA, F.C.A., Liquidator.

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of

Rentals

URGENTLY

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chose for the Accor emblem. They launched the Ibis two star

hotel chain in 1973, took over

the Mercure three star chain

in 1974, began developing in Africa (where they are now market leader), the Middle East and Latin America in 1976, opened their first hotel in the U.S. in 1979 and took a majority

stake in the Sofitel group— which gave them access to four

star and luxury hotels—in 1980.

came with the chance to take

which had run into difficulties

because it had miscalculated the time needed to produce yields

on its heavy investments in building up the Sofitel group.

says. After a year they realised

that taking it over would repre-

management personnel Jacques Borel.

"At first we were hesitant,"

over

The most difficult decision

Jacques Borel, the

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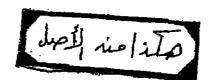


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DECLARATION OF FINAL ORDINARY DIVIDEND NO. 4
The following dividend has been declared for the year ended 30 June 1965.
Final ordinary dividend No. 4 of 30 centred for the year ended 30 June 1965.
The dividend has been declared payable to membere registered in the books of the company at the close of business on Tuesday, 30 July 1965.
The dividend is payable subject to conditions which can be inspected at the registered office of the company.
Warrants in payment of the dividend will be posted on or about 31 July 1965. By order of the board Anglovaal Limited

per: D. P. van der Laan

16 July 1985



THE ARTS

Television/Godfrey Hodgson

Some things are too sacred for commerce

television? It may be that the overstepped some unspoken the fringe of the steppes most significant thing that has line, some unwritten gentle-receives a herald who tells him happened this week is the men's agreement, which says that the Khan is on his way, happened this week is the men's agreement, which says resignation of Thames's Bryan that Dollas, because it delivers Cowgili, forced, finessed or vast audiences to the BBC. somehow exacted as a result of must be sacrosanet. Ironic that his decision to overbil the BBC. Dollas, of all shows the ane that for the rights to Dollor. "Not most crassly glorifies the on," said the IBA, it seems seamler side of provincial Breach of a gentlemen's agreement that networks, or com-should be the ark of the conment that networks, or com-panies, should not make companies, should not make com-petitive offers for the rights to which says "Some things are foreign serials.

Odd: for if BBC and TTV are not in competition with one another, and if money is not the means with which that competition has been conducted these past 20 years, then I have understood nothing of what has been going on around me. What does the IBA understand by the phrase "commercial television"? The episode is characteristically

It reminds me of the bizarre story of Rupert Murdoch's takeover of The Times and the Sunday Times. None of our business, said the civil ser-vants at the Department of Trade, of whether Mr Murdoch would be any better or worse than the other gentlemen who own newspapers; the only ques-tion for the law is whether or not greater concentration of ownership should be allowed. And so the owner of the two largest popular circulations was allowed to acquire the two most infinential quality papers. What is even more serious than the particular consequences of the strange, secret decisions by which our public life is so often regulated, is the

fact that it is utterly impossible to get anyone to come clean about what, if any, principles were applied, by whom, and on what evidence.

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YORK EST

V. dista

to sacred for commerce."

Commerce, however, is in fashion. Where business was once thought to be too seamy a subject for television, and The Money Programme ploughed a lonely furrow as the only serious attempt to report the business world for general audiences, and there are half a dozen slots for busi-ness journalism of one sort or another.

BBC's latest contribution to this modish genre is called, with the whimsy considered de nigeur for such shocking genufications before the temple of Mammon, Commercial Breaks. It got all to a cracking streams. It got as to a cracking start with a documentary about the arrival of none other than that same Rebert Maxwell in the seats of power at the Daily Mirror. It seems that the BBC had a documentary crew in place to make a film about Mr Maxwell's ill-fated predecessor at the Mirror Group, Mr Clive Thornton

So we are there when Mr Thornton, in the very act of ledges, write at his die putting his proposeds for samity and occasionally, he say the lads at Withy Grove, gets writes the editorials has message to call his office. It Meeting his staff, he is has gone out on PA that whistles them to order Maxwell has made an L80m shepherd with his dogs. We watch like files

It is as if the ruler of some

and that he and his horsemen mean to drink in his hall by nightfall. Fear is palpable. And suddenly the tartar king is within the gates.

We hear little more of Mr Thornton and his plans for the paper. And Mr Maxwell is at

giving away a million pounds to some lucky reader, only to be beaten to it. A Central Casting Australian editor appears briefly and mutters happily through half-clenched teeth: "We'll kill him!"

It is magnificent light entertainment but it has little Thornton and his plans for the enough to do with journalism, but if Commercial Breaks is paper. And Mr Maxwell is at Does it matter whether Mr going to work, the producers pains not to come on as the Maxwell or some Australian are going to have to explain

make the paper viable, and is not impossible, only difficult, how? Does the Mirror's share- and that what makes it hard holding in Reuters have any-thing to do with the price of fish? None of these questions is answered, or even attempted.

It is all very well to present business as an arena where it is the drama and the person-ality of the players that count but if Commercial Breaks is

Cowgill fell for taking commerce too far—but is business being taken far enough in the fashion for programmes on money and power?

Demon King. We see him in the bravo comes out on top in the very throne room where, two days earlier, Mr Thornton was frenetic tabloids? Not a lot, very throne room where, two days earlier, Mr Thornton was exposing his plans for the paper. Under his management, Mr Maxwell explains, eminously urbane, editors will be free to their newspapers without interference. There will be only two conditions: the papers must be "broadly sympathetic to the Labour movement;" and they must put Britain First.

The rest of the film was full of delicate comedy. We hear Mr Maxwell explain what he means by non-interference. Editors and columnists, he acknowledges, write at his dictation, and occasionally, he says, he writes the editorials himself. Meeting his staff, he literally whistles them to order like a

We watch like flies on the International selling to Mr wall as Mr Maxwell plans to Maxwell? Can Mr Maxwell

you might say. Still, warts and all, The Mirror is the last significant paper in the country to support the Labour party. To some 35-40 per cent of the voters, at least, presumably, its ownership matters.

'Mr Maxwell explains that he is a socialist. The interviewer, after Mr Maxwell's exposition of his managerial philosophy, seems puzzled. Mr Maxwell tramples past him. "If you see a contrast." he trumpets, "it is of no concern to me." Quite.

Magic moments and a great
start for Commercial Breaks.

It may seem pedantic to point out that nowhere in the film is there any business explanal tion of what is going on. Why is Sir Alex Jarratt of Reed

to us what game is being played and how to keep the

Suddenly the industry and suddenly the industry and the Tory party are full of enthusiasts for American-style television. They ought to be honest and admit that documentary, one of the few art forms that was invented in America, is now almost extinct on network relavision in its trary, television offers a rich menu of documentaries of

many kinds.

Thames's film on heroin addiction, for example, Kicking the Habit, was sympathetically and intelligently made.
Although it showed painful sequences of a girl going through withdrawal, cramps, itching and all, it made the cardinal point that withdrawal

it had a wider currency than any other, as a vehicle for the

then rising Joan Sutherland;

and now The Opera Stage, a new company formed under the

musical directorship of Richard Hickox, is planning to take this new production first from Christchurch, Spitalfields to the

Cheltenham Festival and then

into the recording studio.

to kick the habit is the perfirst place.

I wrote at length last week about the first three African episodes in Granada's End of Empire. It remains to be added that the last of all, which went out on Monday and dealt with the independence of Zimbabwe, is the best of all—a remarkable piece of television journalism with depth, balance scherzos and a central Andante, and bira The interviews-for example

Machel, the Markist president of Mozambique, pouring forth his admiration for Margaret Thatcher, is a connoisseur's way, but its elegant proportions item; Machel saved the Lancastand incisive lyrical style are the saved the la ter House conference because he admired our prime minis-ter's machismo, it seems.

Most remarkable of all are the two Shakespearian villains, Peter Walls, the commander of America, is now almost extinct on network television in its country of origin. For all the constraints of money and politics in Britain, on the contrary, television offers a rich of Rhodesian intelligence from the contrary, television offers a rich of Rhodesian intelligence from the contrary. 1963 until the fall in 1982 and still, miraculously, a consultant President Mugabe. lingly level-headed and devastatingly frank, he is unlike most spooks I have ever met. I couldn't help asking: what exactly was he telling British intelligence, and — more to the point — what were they telling him?

but a more wide-ranging artist, all soft-grained sensual appeal

at first leading to the coruscat-ing fury of later scenes. From Della Jones, too, we

had an exciting performance. After her singing in Julius

Caesar, one expects the biting consonants, the raging anger

and attack, but this opera brought something more: in "Mi lusinga il dolce afferto,"

her most inward aria, she held

the audience on a barely audible thread of tone, no easy

thing at the speed Hickox had set for her. It was the best singing I have heard from her

for some time.

Not all the tast are so for-

tunate in their roles. The opera, for all its great scenes,

moments and with so many arias to be delivered it can

threaten to seem a very long evening. (The second part alone here lasted almost two

pure-toned Oberto sounded hard-pressed in her last stormy

In one departure from tradi-

tion the Morgana, Eiddwen Harrhy, sang "Tornami a vagheggiar," the dazzling show-piece at the end of the first

act which most Alcinas take for

themselves. It seems this was

Handel's original intention and the substitution certainly makes

good dramatic sense. Otherwise Richard Hickox and the City of

London Baroque Sinfonia gave

Alcina/Spitalfields

Richard Fairman

Handel's Alcina has been drama as forcefully as this. She

among the more fortunate of is not the Sutherland of the his operas. In the early 1960s 1960s (a dazzling coloratura)

Aquarius/Goldsmith's Hall

David Murray

A City of London Festival concert on Monday by the Aquarius ensemble, sponsored by the Hill Samuel Group, had a promising programme—from Mozart to Robin Holloway by sonal complex of fears, friend. Dallapiccola, every piece for a ships, neuroses and inadequacy different group of instruments. that made it a habit in the In the event it proved less of a banquet than it might have

Holloway's "song-cycle without texts for 16 players" draws all cogently linked; the instrumentation generates a wide spectrum of enticing sound, with Christopher Soames, Peter spectrum of enticing sound, Carrington, Ian Smith, Joshua with bold use of some big brass Nkomo and Robert Mugabe— and a special role for the celesta are all memorable. Samora (glittering cadences like per-(glittering cadences like per-sonal comments). By now I suppose that Erening with Angels counts as "carly" Hollo-way, but its elegant proportions utterly assured. Holloway's be-

there is no puzzle about how to "take" Evening with Angels The conductor Nicholas Cleobury sounded convinced and sympathetic, and hazards of halance were dealt with nicely. He had less luck with the opening work, Wagner's Siegfried Idull, which was not only unwoozy with doubtful pitchbeen; but at least the concluding which recurred union work, Holloway's Erening comfortably in most of the other with Angels, was as happy a music. A particular pity, though, in the Idyll, which is usually Holloway's "song-cycle withoriginal chamber version.

The string quartet who essayed Mozart's Eine Meine Nachtmusik were ill-advised. They offered less brio in the piece than your average moor synthesiser, and when pitchproblems extend to the tuning of thirds and fifths there are problems indeed. Dallapiccola's piece of (so to speak) the same name, the Piccola Musica Notturna, was safer and quite pretty. Louis Spohr's evergreen Nonet had its heart in the right place, but it was slightly, consistently under tempo: I thought that a conductor-Mr Cleobury had modestly left the players to musing taste for not-quite themselves—might have made parody had not surfaced yet— all the difference.

You're Gonna Love Tomorrow

Martin Hoyle

"Please don't fart - there's very little air and this is art," not a programme note in the Barbican's Pit, but one of the instructions to the audience penned by Stephen Sondheim for Burt Shevelove's adaptation of The Frogs, performed in Yale swimming pool (where else?) in 1974.

This follows the Invocation to the gods — "those who look down on actors — and who doesn't?" — intended for A Funny Thing Happened On the Way to the Forum before ending up in lvy League Aristo-phanes. For an unconvinced phanes. For an unconvinced Sondheimite like myself, the serendipitous discovery of much first-rate lesser-known material provided the greatest pleasure of You're Gonna Love Tomorrow, brought to D'Oyly Carte's English Opera House (to the vulgar, the Palace Theatre) on

Four graduates fresh from he Guildford School of Acting and Dance exuded charm and assurance as they ranged from the unperformed (why, for heaven's sake? Sondheim even wrote tunes in it) Saturday Night of 1954 to Sweeney Todd

Sunday for one night only.

and Merrily We Roll Along.

A well-judged selection underlined the wit and neatness of Sondheim's lyrics while playing down his tendency to pseudo-urgent declamation, pseudo-urgent declamation, ominous or threatening, in a minor key, though that porite nits its

tentous surging that never was represented by a duet from enjoyment.

Anyone Can Whistle (no won-der a flopped) and "Johanna" from Sweeney Todd. Occasional shaky pitch in the big numbers reminded us of his ungrateful vocal demands; and "Someone in a tree," the quarter of past and present, story-teller, charac-ters and memories, from Pacific Overtures emphasises how aridly unrewarding Sondheim's strenuous sub-operatice

vein can be.

However, huge derives from the hopeful quartet for two young couples in Follies and three discarded numbers from A Funny Thing. The Saturday Night excerpts are unmitigated delight-here Briony Glassco, a tall Canadian girl with smiling vitality, made the most of "Isn't it?," a number both shy and gushing sung by a nervous belie at a social dance. The very anglicised-sounding American Jane Anderson delivered the maid's philosophy of life and love so as to confirm my suspicion that the perfectly-chiselled lyrics and music of "The Miller's Son" make it the best song from A Little Night Music.

The evening-dress-clad quartet was completed by Cory Peterson (American) and James Dundas (British) in a simple presentation (John Doyle) that extended to a prop tree and fans for the Japanese excerpts. John Langridge's musical direction from the keyboards con-

Dirty Work, Gangsters

B. A. Young

by Maishe Maponya, played by the Bahumutsi Theatre Company of Johannesburg, in the Lyric Studio, Hammersmith.

The first of them is a comic picture of a South African security man lecturing an audience on security. His own security worries him all the time. He checks the flower vase, the furniture, the blackboard, the sandbags which he is going to use for a domen-

One of the characteristics of unhappy people is their ability to joke about their unhappiness, and Dirty Work is full of good jokes, though some of them are repeated rather too often. Marcel van Heerden plays the lecturer, ready to draw his gun at a moment's notice but, as long as he is not interrupted, to fill his talk with the names of his relations who can supply any security materials that he recommends. The South African accent is as useful for fun as we find the Cockney and (consciously or

not) he makes the most of it. Gangsters, the second piece,

South Africa's contribution to of Maj Whitebeard, with the LIFT consists of two one-act help of his Uncle Tom assistant, Jonathan.

> Rasechaba's offence is to read poetry to crowds, for the state has decided that his poetry is "inflammatory." "Why can't you read poems like this?" asks the Major, reciting some Afrikaans verses about flowers. Poems about flowers are not in Rasechaba's line, however. and the interrogation becomes increasingly violent.

As the brutality increases, we see the Major and Jonathan dealing with the draped figure on the cross to ensure that as little as possible will be useable as evidence in court. One thing cannot be concealed, however-the poet's death.

The case of Steve Biko lies at the back of it all, though Rasechaba is a more flam-boyant figure. He is played by the author, who recites the poems, his own poems, in an undoubtedly inflammatory voice, though only a tithe of the meaning reached me across the linguistic barrier. Marcel van Heerden is the Major, and George Lomola is Jonathan, always ready to please. Maishe is very different. On one side of the stage, a figure in black drapes hangs from a wooden cross. On the other side begins the interrogation of the black man ever to direct a white actor poet Rasechaba at the hands in South Africa.

An Egyptian bronze figure of group of four reduced size stars, a seated cat, 7½ inches high, including the orders of the state of the 5th century BC. Thistle and St Potrick. They had belonged at one time to had belonged at one time to

made in southern England in the first century BC, also did very well at £30,240 while an Egyptian diorite figure of a seated official realised £15.120.

top forecast and the buyer was other awards the King would wear on ceremonial occasions. A group of four medals awarded A rare Romano British solid to Dr Wordsworth Poole, who bronze figure of a standing stag, served at Peking during the Boxer rebellion, fetched £7,344. Sotheby's top price yesterday was the £19,800 for a pair of almost cylindrical Jardinières, Yongzheng, in an auction of

A turquoise glazed composition Chinese export porcelain, model of a hippopotamus and Among the printed books Quarits cub, from an Egyptian tomb ritch paid £7,150 for the of around 1800 BC, sold for Echternach Gospels, produced £12,960, rather below expecta- in Germany in 1982, while tion, among the contents of The Armoury, a London Sissinghurst Court in Kent a dealer, paid £6,734 at Christie's set of six George III mahogany coins and medal auction for a chairs, 1765, sold for £16,500.

The Royal Shakespeare Cam- Mr Kyle's preferred promenade pany in Streetsmongon area is seen. The show, again adapted required by charter to pay from Mrs Hewins by Ron Hutannual tribute to the town's chinson, and drawn from her

The Dillen; Mary, After The Queen/Stratford-upon-Avon

Michael Coveney

annual tribute with the system of the system ance farough the town, on the a working girl in the Au-river bank from Spathern Lane minimum Factory on this very down beyond the grain sile, at Birmingham Road, in the The Dillen, a pince trased on bottling end of the Flowers The Dillen, a piece trased on Angela Hewin's fascinating book in celebration of her George Hewists.

Starting in The Other Place (Stratford's small theatre) and spilling out through the theatre spilling out through the theart wouldn, a tole taken with fouch-gardens, along the river bank ing and poetic definess by to Lary's Mill and the vid LMS bridge. The Dillen creates a bridge. The Dillen creates a when coming across as a sort picture of Victorian/Edwardian of Warwickshire Cavalcade, the market town from 1897, the year of Hewin's birth and, win-cidentally, of the opening of the femorial Theatre, sponsored by

Ron Cook repeating his beautiful, chipper performance as the orking-class Stratfordian of her child, Brian. The Queen, presented under the Tubbs (the score for both shows Other Place auspices in the old is researched and scored by Whitbread Flowers Warehouse Guy Wonlienden). Mary is out on the Birsningham Road, lacking in a central focus and 10 minutes jog from the town

Mary, it must be said, has had its problems, with last

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brewery and then, during the Second War, in the Canning the bration sof ner by Factory.

The tale is told in the twin

perspective of actual re-enact-ment and the limpid re-collec-tions of Mary as an older woman, a sole taken with louchstreaming through the Ware-house as bottling girls, factory workers on an outing to Blackpool (a beachball ballet to the tune of "Lullaby of Broadway") the then mayor Charles Flower tune or revellers at the annual mop and designed to provide a little or revellers at the annual mop Avonside "tone." through to his Fair. At other times it is a bit return home from the Great like watching the Royal Tournament at Earls Court. everely disiffusioned. with hymns and flags and Thes Billen is now revived, random patriotism underpinning Mary's loss of her wartime true love and the raising

is replete with uninteresting tengence. Jenifer Landor as the Mary, it must be said, has young Mary is samply uncon-had its problems, with last vincing as a country girl-her minute switches of venue and natural elegance and beauty



David Bradley (left) and Ron Cook in "The Dillen"

Mary's disintegrating sister Ian Talbot as a "Workers Playtime" light-footed cheerleader; and Susan Colverd as George's long-suffering wife. Allan Watkin's splendid costumes and Wayne Dowdeswell's lighting are major contribu-

The real value of Mary, as

with the far superior Dillen, is that the RSC makes good, in theatrical fashion, its affection for Stratford. One hopes some ("dillen" meers a runtish, love in spite of its spirited per wheels of repricocity have at able creature) and paired with formance and the excellent last, and not before time, been a new production. Mary After musical direction of Michael set in motion. Young George was brought up by his great aunt Cal (exploiting the more familiar, no less enjoyable, for-midable side of Miss Mount) in a Waterside lodging house. In The Dillen we follow, on location as it were, his schooling, various apprenticeships and even a fictional brush with Frank Benson as a gravedigger

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organised presentation, full of unforgettable images: the the river of a field full of summer pea-pickers, worthy of Millais; the vaudevillian treatment of poverty and hardship on a stage that has appeared out of nowhere; the magic lantern chiaroscuro conjuring of hideous trench warfare, the audience huddled under a confining tarpaulin tent; the final, emotional torchlit trudge through the old town, audience and company joined in a tribute by the war memorial to Stratfordians who gave their lives, The Dillen is a marvellous company achievement (only 12 more performances this sea-son) but the attempt to extend

the project in the manner of the National's Mysteries has not come off. The juice and joy of The Dillen is replaced, in

Arts Guide

Those who buy the records

will be getting the best of it. As with so many current Handel productions, the visual side of this one was a penance. For this one was a penance. For unfathomable reasons the opera was set on a beach where the tide had washed up assorted flotsam and jetsam, including three angels, a warrior, a harle-quin (who balanced a feather on his nose) and numerous busts and picture frames— everything except a copy of Handel's stage directions to find

American producer, and a half hours.) Mezzo Mira Frank Corsaro, is not good at Zakai might have given her best telling a story. While all these studry extra characters were romping around. erucial romping around, crucial turning-points of the plot went without notice. (I wonder how many people registered the moment when Ruggero takes the magic ring and returns to his senses?) And much of the stage business cannot have have helped the soloists: Della Jones had to sing several of her arias peering into upright mirrors and in the early stages Arleen Auger seemed fated to spend her music in slow motion groping with other members of

the cast.

Left to her own devices, however, Auger was a sturning first-rate Handel, sometimes on of fire regulations (quite right, Notable in a large cast are yet too, after Bradford) enforcing another Cusack, Niamh (Desdease a seated audience rather than mora, later this season) as dresser)

Left to her own devices, however, Auger was a sturning on the Memorial stage (his wife, slog through his daughter's life too, was briefly employed as a enlivened only by the occa-Alcina, Stock Italian gestures the slow side but always con-do not matter one whit if the centrated, well worth being singer can put across the committed to vinyl.

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the

Arts appears each Friday.

Theatre LONDON

Noises Off (Sevoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of back-

stage shenanigans on tour with a third-rate farce is a key factor. tarlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first helf and a dwindling reliance on indiscriminate rushing around. Dis-neyland, Star Wars and Cats are all

influences. Pastiche score nods to-wards rock, country and hot gespel. No child is known to have asked for his money back. (834 6184). On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance cellides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine bal-let for Slaughter on Tenth Avenue.

(437 6834). 2nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. Ameri-can Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8188). Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Craw-

The Government Inspector (Olivier): Striking but unfunny revival with

ford. (8367611).

under-equipped TV comic Rik May-all playing the poseur as a shricking nose-picker. Richard Eyre's productose-picker. Hichard Eyres produc-tion for the NT lacks either comic tension or true delirium but, with John Gunter's imposing design of bureaucratic burnf, the show has a sort of monumental starkness as well as nightmarish tedium. New translation by Adrian Mitchell.

(9282252) armum (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical (8341317, credit cards 828 4735).

este (Lyric): Deserved transfer to Shaftesbury Avenue for the RSCs fine Harley Granville play about a politician ruined by Sex Standal. Daniel Massey and Judi Deach head John Barton's production.

NEW YORK

Cats (Winter Garden): Still a sellout, Trever Nume's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (2396262).

42nd Street (Majestic): An immodest cale bration of the heyday of Broad-way in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropri-ately brash and leggy hoofing by a large chorus line. (977 9020). Dreamgirls (Imperial): Michael Ben-bett's latest musical has now be-

July 12-July 18

come a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (239 6260). Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression era Jewish house hold where young Engene falls awk-wardly in love with his cousin. (221 1211).

(Booth): Inspired by the Seurat painting, Stephen Sondheim fash-ions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set and James Lapine's book which changes gears in the second act. (2396262).

nday in the Park with George

(239 6262).

La Cage anx Folies (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarions original between high-kicking and gaudy chorus numbers. (757 2826). Terch Song Trilogy (Helen Hayes); Harvey Fierstein's touching and

funny recollections as a drag queen add up to the best histrionic Sarah hardt role on Broadway today. (944 9450).

WASHINGTON

Count of Monte Cristo (Eisenhower): The second production of Peter Sellars' new American National Thea-tre company is the James O'Nelll of this swashbuckler.

Saleroom/Antony Thorncroft

and sent for suction by Lady had belonged at one time to Clark, sold for £43,200 at King George V, and were made Christie's antiquities sale yester-one-third smaller than the usual day. The price was double the size to accommodate all the a private collector bidding by

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Wednesday July 17 1985

The aims of Eureka

one important objective: minis-ters from western European countries who will consider the scheme in Paris today and tomorrow, know that Eureka has
given a new urgency to the public discussion of European technological failings. A political
momentum has been created,
which—provided that it is chanwhich—provided that it is chanwhich—p

pean industry.

Since the French sprang the Eureka concept upon the world as in the past there was too in April it has undergone a much emphasis on large-scale welcome mutation. What to mergers as the route to competiwelcome mutation. What to sceptical British and German sceptical British and German eyes looked like a plan to create an international agency, a civilian version of the U.S. defence department, to hand out money to industry has begun to look a good deal more market orientated, even though the mechanics are by no means clear. It would be helpful if the Paris meeting could begin to define these good intentions in practical terms.

What distinguishes Eureka from some other Collaborative European ventures into high

European ventures into high technologies, such as Esprit or the Cern nuclear fusion laboratory, is that it is focused on the development and eventually the manufacture of marketable products. Behind this there lies the perception that the Euro-peans have held their own in research, but have often failed to turn the results into successfully marketed products. That diagnosis is well founded, but the cure will not be achieved by throwing money at the problem.

Resources

Available statistics do not bear out the belief that the Europeans are not devoting sufficient resources to research and development. According to Mr Henry Ergas of the OECD, speaking at a recent Financial Times conference, the EEC countries spend only slightly less than the U.S. and considerably more than Japan on research and development in high-technology industries. Moreover government subsidies to high-technology R and D in the EEC are about level with those in the U.S. and surpass

those in Japan by a factor of

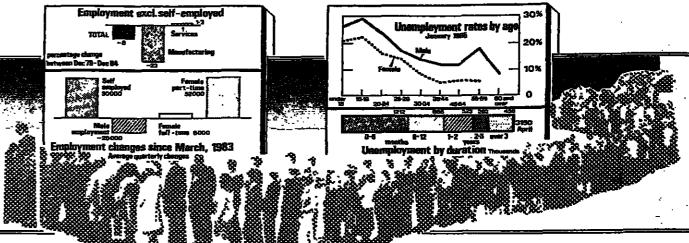
EUREKA, the French initiative turn on the investment in R and to encourage European industry to pep up its high technology, has already achieved
one important chications and the interest of increased share
one important chications. nology products, is inadequate. Is this because there is too much duplication? This seems to be the thinking behind the Esprit nelled in the right directions——more swiftly and more could be beneficial for Euro-cheaply. Yet there is a danger that too much priority is being attached to collaboration, just

tiveness. It would be very desirable if the inhibitions and practical obstacles which discourage joint ventures between European high-technology companies were reduced; this could be a useful consequence of Eureka. But lack of collaboration across frontiers does not explain Europe's technological

Mr Ergas argued in his speech that the innovative per-formance of a country or region depended on three factors: the strength of domestic and accessible export demand for innovative products; the adequacy of the technical infrastructure, in terms of the supply of scientists and engineers; and the responsiveness of industry to the oppor-tunities arising from demand on the one hand and from new technologies on the other. This last factor is crucially affected by the strength of the competi-tion to which high technology tion to which high-technology

companies are exposed. The first and last of these points relate very directly to the biggest single problem facing Europe's high-technology industries—the fragmentation of the European market. The British Government would like British Government would like to use Eureka as one of the levers with which to open up the internal market for high technology products. technology products. It is, of course, much more than that in the eyes of its principal prothe eyes of its principal pro-ponents and it would be most unwise to ignore the political dimension. But as ministers start to translate the Eureka idea into practical reality, they need to keep very clearly in mind the true nature of Europe's high-technology prob-lem.

26



The high tide of unemployment

BRITAIN'S JOB PROSPECTS

By Michael Prowse

MPLOYMENT statistics mployment statistics out today for the first quarter of 1985 should prompt a familiar question: after five years of steady if unspectacular economic growth, is the unemployment tide beginning to turn?

24

Last month's tiny 7,400 drop in seasonally-adjusted unem-ployment was enough to whet

Such gloomy arithmetical projections reflect the severity of steeply in the past six years. British unemployment. On In 1979, it averaged only 5.3 British unemployment. On a verage, nearly one in seven per cent or 1.3m people. The of the working population is without a job—that is 3.17m adults, an unemployment rate of 13.1 per cent. A further 587,000 people are on government job schemes. In Europe, only Belgium and Spain suffer mines unemployment because it is a residual—the gan

in the incidence of unemploy-ment—by sex, age, region and duration. It is not always remembered for example, that male unemployment at 15.8 per cent is much more severe than

January: they show that unemployment averages 24 per ployed labour force comprises cent for 16 and 17-year-olds, 26 per cent for 18 and 19-year-olds and the relatively small number of those aged ber in the armed forces. 20 to 24. By contrast, unemployment is only 12 per cent among 30 to 34-year-olds and 9 per cent

chemployment among young ployment peaked and the inst men is even more severe, quarter of 1983, when it reached averaging 29 per cent for 18 to 19-year-olds: it is worrying that nearly one in three in this age range, which is beyond the peember 1979 to March 1983, reach even of an expanded the working population declined Youth Training Scheme, are slightly (by about 50,000) and ing employment.

gloomier: in Northern Ireland of the working population. The dinavian rates—there is plenty one in five are without work; result has been a further, much of room for further expansion.

sistence of the phenomenon. In April, 1.3m people had been unemployed more than a year, 110,000 more than in April 1984. ployment was enough to whet April, 1.3m people had been the appetites of natural optimists. Ministers hailed the figures as the most encouraging for five years. Pessimists crease to 458,000 in those conpointed out that if the rate of the continuously unemployed for more decline does not speed up, it will take 21 years to restore dole queues even to 1979 proportions. for more than three years.

Unemployment has risen it is a residual — the gap between the supply of labour, The high overall total, how-ever, masks important variations as measured by the working population, and the demand for it, as measured by the employed labour force.

remembered, for example, that male unemployment at 15.8 per cent is much more severe than female unemployment, which is only 9.5 per cent.

Nor is the extent to which the brunt of unemployment is borne by the young always appreciated.

The working population, in turn, depends on two things: the number of people of working age, which is determined by demographic factors such as past birth rates; and labour participation rates—the proportion of people who actively seek work.

January: they show that unemployed labour force.

The working population, in turn, depends on two things: the number of people of working age, which is determined by demographic factors such as past birth rates; and labour participation rates—the proportion of people who actively seek work.

Two dates are pivotal to understanding the evolution of unemployment in the UK: the for those aged 35 to 55.

Unemployment among young ployment peaked and the first

one in five are without work; in Wales, Scotland and the north and north-west of England, the figure is one in six or worse.

Meanwhile, the duration of unemployment is rising—an ominous reflection of the persistence of the phenomenon. In April, 1.3m people had been unemployed more than a year, 110 000 more than in April 1984.

of the working population. The dinavian rates—there is pienty of room for further expansion. The employment figures need to be broken down in several ways if the fluctations of the past six years are to be understood. The first division required is between employees and the self employed.

The sharp decline and partial recovery of employe. In the Shakeout up to March only of employees: self employ. only of employees: self employment has grown regardless of recession or recovery by a surprising 34 per cent since 1979.
Almost one in ten of the The evolution of both the Almost one in ten of the supply and demand side of the working population — 2.6m

> Manufacturing employment in the UK is now little more than a rump, accounting for only 26 per cent of all jobs

jobs market since 1979 has been more complex, however, than this simple summary suggests. Contrary to popular wisdom, it has been changes in labour par-ticipation rates rather than demographic factors which have explained fluctuations in the orking population. The number of people of

lost in the shakeout up to March 1983 have been replaced, the ex-panding supply of labour has pushed unemployment higher.

working age has been rising steadily since 1974. The small fall in the working population between 1979 and 1983 reflected sharp fall in male participation rates or the "discouraged worker" effect: men withdrew from the labour market, for example, through early retire-

ment.
The sharp increase in the

people—are now self employed.
The growth of self employment
may partially reflect the reduced security of employees,
It is illuminating to divide
employees into these conemployees into three over-lapping categories: manufacturing and non-manufacturing; male and female; and full- and part-time. The collapse of employment between December 1979 and March 1983 was over-whelmingly a shake-out in manufacturing. Between these dates, 1.494m manufacturing jobs were lost (21 per cent) compared with a loss of only 341,000 jobs in services (2.6

per cent).
The employment recovery since March 1983 has been The sharp increase in the working population since March 1983 in turn reflects not faster growth in the number of people of working age, but a sudden rise in female participation rates—a resumption of the secular growth of women seek-

west Germany.

The decline of manufacturing relative to services explains some of the regional unemployment differentials. In June 1073 services employment in cent from the present level of 15m. ment differentials. In June 1979, service employment in of 17m.
Against this, female particithe West Midlands was only 48 per cent of the total compared with 67 per cent in the South East. Total employment has since fallen about 14 per cent in the West Midlands compared with only 35 per cent in the

17 per cent; in Wales the de-cline (up to September 1984)

cline (up to September 1934)
was 33½ per cent.
The shake-out in manufacturing is also, of course, the
main reason why more menthan women are jobless: 55 per
cent of service jobs are taken
by women compared with only
29 per cent in manufacturing.
By December 1984, the number
of female employees had risen

By December 1984, the number of female employees had risen by 404,000 from the 1983 trough, Male employment, by contrast, has fallen every quarter except the fourth in 1984 and by a total of 162,000 since March 1983.

Unfortunately, the growth of female and of service-sector employment is not all it seems. It is part-time rather than full-

It is part-time rather than full-time female employment which

has been expanding: about 90 per cent of the growth of female labour since the March

1983 trough has been in part-time work.

pation rates remain uncertain. However, if the Government does (as planned) introduce personal tax allowances which are transferable between spouses in 1990, married with only 3.5 per cent in the South East. women's incentive to seek em-ployment will be sharply South East.

However, the outlying regions have suffered not only from a higher initial concentration of manufacturing jobs but also from a steeper decline of manufacturing. In the South East, for example, manufacturing employment has fallen by about 17 nor contributions. reduced On the demand side, there

are also one or two crumbs of comfort. The expansion of YTS and the Community Programme will pull increasing numbers out of registered employment this year and next. The Chancellor's restructuring of employers' national in-surance contributions in the Budget may also help a little. It is often argued that increased demand for labour will be concentrated, if anywhere, in the small business sector. So yesterday's launch of Lord Young's jobs "task force" designed to reduce the red tape enveloping small firms may help at the margin.

Perhaps more significant, the Chancellor's recent little noticed remark that from now on North Sea oil will contribute —} per cent instead of +} per cent to GDP growth may be an encouraging pointer. If the manufacturing shake-out partly reflected the rapid ex-panision of oil output, the decline of the North Sea may, despite the present surge in the pound, now bring some relief through a lower exchange

In summary then, the 88,000 average quarterly rise in the employed labour force since The service sector, which did not experience a severe reces should continue sion. generate new jobs even if too many of them are part-time positions for married women. Ministers and officials seem

cautiously confident that this employment, a 58,000 rise in commination of supply and nent, by contrast, has still to obttom out decisively: by April 52,000 is part-time) and a 20,000 further significant rise in unemployment. Supply and demand factors will prevent a further significant rise in unemployment. What is the prognosis for the UK does not slip into another unemployment? On the supply and further significant rise in unemployment. What is the prognosis for the UK does not slip into another unemployment? On the supply and further significant rise in unemployment. What is the prognosis for the UK does not slip into another unemployment; a round it accounts for the unemployment and follows. Youth Training Scheme, are jobless.

Sightly (by about 50,000) and employment plunged by 193m.

Regional variations in unemployment are equally prosperous South East, the unemployment rate is only a whisker under 10 per cent.

Elsewhere, the figures are much sightly (by about 50,000) and employment in gemployment in gemployment in gemployment in fore-tasting future unemployment in fore-tasting future unemployment in fore-tasting future unemployment iles in evaluating the scope for further increase in female employment (or which bottom out decisively: by April 1985 it was down a further increase in female employment (or which bottom out decisively: by April 1985 it was down a further increase in female employment (or which bottom out decisively: by April 1985 it was down a further increase in female employment (or which bottom out decisively: by April 1985 it was down a further increase in female employment (or which bottom out decisively: by April 1985 it was down a further increase in female employment (or which bottom out decisively: by April 1985 it was down a further increase in female employment (or which bottom out decisively: by April 1985 it was down a further increase in female employment (or which bottom out decisively: by April 1985 it was down a further increase in female employment of the prognosis for further increase in female employment (or which bottom out decisively: by April 1985 it was down a further increase in female employment (or which bottom out decisively: by April 1985 it was down a further increase in female employment (or which bottom out decisively: by April 1985 it was down a further increase in female employment (or which bottom out decisively: by April 1985 it was down a further increase in female employment (or which bottom out decisively: by April 1985 it was down a further increase in female employment (or which bottom out decisively: by April 1985 it was down a further increase in female employment (or which bottom out decisively: by April 1985 it was down a further increase

A strategy for deregulation

THE British Government's wish to reduce the burdens imposed on business by administrative regulations which are quite and logislative regulation is on business by administrative and legislative regulation is soundly based. There is clear evidence from the U.S. that President Reagan's deregulation strategy has stimulated economic activity, with the number of new businesses in recently dergulated industries growing faster than in the overall economy. Measures taken in the first two years of his administration led to onceoff savings of \$9bn-11bn, and annual savings of about \$6bn in costs to government and businesses which are quite modest in themselves but which taken as a whole tend to sap the energy of business. Although some of the proposals may prove unacceptable when the fine print emerges, the overall aim should be broadly welcomed.

The big question is about the fine print emerges, the overall aim should be broadly welcomed.

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Yesterday's White Paper, Lifting the Burden, recognises that there is a fine line between liberty and licence, and that changes intended to bring about business growth can also lead to abuses. But it argues convincingly that the scales are still tipped too far against business in the UK, with adverse consequences for output and employment. Some regulations regulations carry little relevance to the modern business world; others are far too complex and confusing.

The White Paper has deliberately steered clear of the more contentous items of regulation. It does not, for instance, touch the green belt, and although it expresses the wistful belief that expresses the wistful belief that a measure of deregulation for new lettings in the private rented housing sector would promote enterprise "in a number of ways," it admits that this game is lost for the lifetime of the present parliament. All its proposals, of which there are a large number, can either be achieved without primary legislation, or else by legislation the Government's present time-Government's present time-

The big question is about how these bright ideas will be implemented. The objective is to stem the flow of new regulations, by subjecting them to a critical assessment of their impact on enterprise, and to undertake regular studies of existing requirements. The main responsibility for this exercise will lie with the rele vant Government departments, which will have to nominate officials with special responsibility for this work, reporting to a minister.

Task force

To goad them into action, a small central unit, which will include outsiders as well as civil servants, will be set up as part of the Cabinet Office under Lord Young. It will audit the work of departments, and also work of departments, and also undertake occasional studies

The concept of such a task

Government's present timetable.

Probably the most important ideas are in the general area of planning. In particular, the Government intends to permit the setting up of what it calls Simplified Planning Zones, which will extend to other areas the type of planning regime already established in Enterprise Zones. It also has some sensible ideas to allow specified types of development to take place without the need to apply for planning permission, and to permit certain classes of land and buildings to be used for various purposes without the need for such permission.

Two features of the programme should be a positive help in this respect. One is that yesterday's White Paper is seen very much as a first chapter in a longer book. Progress—or the lack of it—will be highlighted in a series of future White Papers, which should in part serve the role of an end of term report. In addition, the life of after three years, which reduces the threat of a new bureaucratic place without the need to apply system being put into place.

All the same, the deregulation effort is going to need the most important to take the programme should be a positive help in this respect. One is that yesterday's White Paper is seen very much as a first chapter in a longer book. Progress—or the lack of it—will be highlighted in a series of future White serve the role of an end of term report. In addition, the life of after three years, which reduces the threat of a new bureaucratic system being put into place.

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All the same of the program and to the paper in a longer book. Progress—or the lack of it—will be a forture of th Two features of the pro-

Lazards trawls city talent

Lazard Brothers and its new chairman, Sir John Nott, should be proud of their pulling power if the results of their latest trawl through the City is any-

thing to go by.

In three appointments announced yesterday, the merchant bank has secured the services of senior people from Chase Manhattan, Citicorp and Barclays Merchant Bank, to beef up its securities and corporate

finance business.
Stuart Webb, 45, the chief executive of Chase Investors Management, is to take ever the top job at Lazards Securities, the investment management subsidiary which controls about £3bn. He fills the slot vacated by Michael Benson who was re-cently hired away by Standard Charterd Bank Chartered Bank.
He told me yesterday be in-

tends to build up Lazards' in-ternational investment management business by linking up with the Lazards houses in New York and Paris. Michael Bottenheim, 37, who

runs Citicorp's European mergers and acquisitions business, comes over to expand

" One minute you are a lackey of a reactionary capitalist government—next you're a hero of the GLC"

Men and Matters

Lazards' international corporate | Parsons and its clients. finance side, specialising in cross-border mergers.

The greatest stir, though, may be caused by Lazards securing Nigel Turner, the 36-year-old head of the corporate services division at Barclays Merchant Bank, His move marks the latest in what must be a painful

string of departures from the group which Barclays is putting together for the City revolution. Turner is to be an executive director at Lazards where he will specialise in corporate will specialise in corporate finance. His appointment also resumes a family connection with the bank. His brother Lord Netherthorpe was a director until he was killed in a car accident in 1981.

Scottish stake

Bernard Solomons, managing director of Scottish stockbrokers Parsons and Co, was smiling in the City of London yesterday having completed a deal which he says will guarantee his firm's independence north of the border.

Solomons was meeting Peter Quinnen, a director of City stockbrokers James Capel, and stockbrokers James Capel, and Clive Gilchrist, investment manager of PosTel, which manages the British Telecom and Post Office £10bn staff pension funds. Solomons talked about the new agreement by which Capel and PosTel each takes 20 per cent of the ordinary share capital of Parsons. "We have seen a lot of people," said Solomons, "and been approached by a lot of people, but we didn't want to have a complete buy-out. This arrangement retains our independence and also gives us access to some of the best research facilities in the City of London."

Parsons, based in Glasgow, but with outposts in Edinburgh. Aberdeen and other main Scottish centres, is one of Scot-land's biggest and oldest broking firms. The majority of

On expenses

The Lord Chief Justice of England is a figure held in suit-able awe by his countrymen. And the sonorous introduction to Lord Lane given yesterday by John C Shepherd, president of the American Bar Association, at a lunch in London, suggested that a Very Important Person was about to take the stand.

But Lord Lane preferred cracking jokes to making grave

pronouncements.
A distant predecessor in his job, one Oddo, he recalled, was popularly known as "the bastard."
In the largest of the cells beneath his court in the Strand a graffito still exists which runs "I was going to be the Lord Chief Justice until they discovered my mother was covered my mother was married."

With that Lord Lane concluded what he called the serious part of his speech.

"I knew that if I didn't say something serious roun risit."

something serious your here would not be deductible," he told assembled attorneys.

Book keeping

buy-out. This arrangement retains our independence and also gives us access to some of the best research facilities in the City of London."

Capel was named last week as top research broker in the Extel annual survey of investment analysts. The know-how of its team will be available to

Back to Graham Baird of Sotheby's. He says people shouldn't get too excited. "Penguins are in a special class of their own. You really can't put a price on paperbacks." He does, however, mention a batch of Italian and French Penguins which were smuggled into those two beleagured nations during the war—and could be valuable. But hardbacks still dominate the market in modern first editions. One of the jewels in the collector's crown would be its private clients are based north of the border, but its institutional activities range much wider.

The Connector's crown would be a mint condition copy of John Le Carre's first novel, Call For The Dead, complete with dust jacket. It would fetch between £400 and £500.

Advice to anyone embarking on the business of collecting modern first editions is not to let the dust jacket deteriorate. But it is a fallacy to think that getting a simple signature by an author at a bookshop session necessarily boosts its value. They say that the valuable copies of the works of former premiers Ted Heath and Harold Wilson are the ones that were not signed.

Paper work

Rating the performances of chancellors of the Exchequer is never an easy business. David Evans, the ebullient Tory chair-man of the cleaning company

man of the cleaning company Brengreen, has his own novel suggestion.

"From the contents of the Chancellor's waste paper basket in his office in the Treasury I would say the most active would appear to have been Denis Healey, with Nigel Lawson a close second, and Geoffrey Howe third."

Evans, whose company has been emptying the Chancellor's waste paper basket for 10 years, adds "sometimes occupants of

adds "sometimes occupants of the chair appear to have passed day after day without leaving as much as a paper handker-Brengreen is careful to point

out that the basket only con-tains waste paper. The good stuff is shredded.

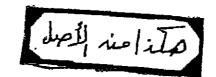
Observer



Would you see a Butcher about a limp?

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THINGS DID not bode well for Mr Frans Andriessen, the EEC's Farm Commissioner, as he en-tered the ilon's den of the Agri-

tered the lion's den of the Agri-culture Council yesterday. His unenvisible task was to present his new discussion docu-ment on the future of the Com-mon Agricultural. Policy which calls for big and sustained re-ductions in product prices. The ten ministers on the other hand, looked set to com-plete their ninth unsuccessful session attempting to agree 2

session attempting to agree a tiny 1.8 per cent cut in cereals my 1.8 per cent cut in cereals prices—an action equivalent, as one observer put it, to treating a broken lieg with an aspirin. That the CAP must be reformed is an accepted Community fact, as broadly if reluctantly acknowledged as the need for a free internal market or car exhaust emission con-

What sets it apart from other issues is its urgency. While many member states can, atheir unhappily, survive a year or umappaly, survive a year or two more with inksome frontier formalities at dying forests, the CAP budget figures no longer add up. After laberious negotiations member states have now agreed to increase their contributions to the EEC budget from i per cent of VAT receptors from 1 per cent of VAT receipts to 1A per cent. This was justi-fied as being needed to cover the costs of the Community's enlargement but all of it could now be used up an farm expen-

The need for action stems from both internal and world market pressures. At home, production surpluses continue to rise, yet the new budgetary discipline rules have in effect, frozen cash resources anniable 1985-86 to Ecu 20.69hn (£12.4bn).

Furthermore, the entry of Spain and Portugal into the Community next year will add to demand on a finite quantity

What sets it apart from other issues is it urgency

of support funds. Fet supply of farm products continues to rise by 1.5 to 2 per cent annually to meet demand increasing by only 0.5 per cent.

More critical still is the state of the world markets. As Mr William Pearce of grains trader Cargill told a Brussels cereals conference last month: "There are simply more resources in farm production today than the markets will support at current prices. Efforts to deal with pro-ducer-income problems by supporting prices for their product feeding the supply

The prospects for a crash in prices—some needigt 25 per poorest farmers, leaving the cent for cereals—in the world larger producers to earn their market are increased by the profits through economies of forecasts of another humper barvest and, in the longer term. An end to the system of openforecasts of another humper scale.

harvest and, in the longer term An end to the system of openthrough greater output from ended price support guarantees. Commission President, is said

The Common Agricultural Policy

Another attempt to square the circle

By Ivo Dawnay in Brussels



Karl-Heinz Narjes (left) and Frans Andriessen

large importers in the developing world.

But even without these new port subsidies and the possibilsources, the outlook for the ity of setting limits on the Sures, the outlook for the community appears grim. The decline in the value of the dollar—the world turrency for grains deals—means Community export subsidies must rise to bridge the gap between its high internal prices and the lower prices abroad.

ower prices abroad.

At the same time, the U.S. At the same time, the U.S. has adopted a more aggressive trading policy, while its Farm Bill, currently passing through Congress, promises to bear on domestic producers which will filter through in lower world pakes as U.S. farmers chase markets

In this context, Mr Andriessen can be forgiven for playing Cassandra. But his Green Paper, Perspectives for the CAP, as equally certain of a rough reception.
Unlike its three predecessors,

this latest attempt to square the CAP circle is a brave effort to face the problems head on.

Its essential thesis is that rises in farm incomes achieved by the traditional method of increases in guaranteed prices, together with open ended commitments to buy up all surplus products "can no longer be reconciled with economic and financial realities.*

The paper therefore proposes: mi sources away from price support to direct income alds for the powest farmers, leaving the

new exporters and traditional with the producers themselves to have complained that the quantities of produce eligible

sfor support;

A choice between rigorous price restraint over a period of years or, alternatively, the imposition of quotas on producers; An attempt to renegotiate in the General Agreement on Tariffs and Trade (Gatt) to allow the Community to introduce some new pretective measures in return for the dismantlement of others.

In short, the Green Paper tacity acknowledges that the CAP is failing to fulfil its key objective of protecting small farmers while at the same time passing on to the European taxpayer, the consumer, intolerable

Moreover, the disposal of sur-pluses through export subsidies creates a vicious circle by decreates a victous carcle by de-pressing the world market, thus forcing up costs still further. But it is on the internal front that the real battle must be fought. For, despite a general acceptance that the CAP is in crisis, the options put forward by Mr. Addressen forward by Mr Andriessen have already encountered fierce criticism from his fellow Com-

For Herr Karl-Heinz Narjes, the West German Industry Commissioner, the basic objective of a restrictive price policy carried through over a period of years, proved too strong medicine. And there are signs larger producers to easy their that a similar view is held by profits through economies of his Italian, Irish and Greek

paper contained too few options.
On his insistence, the uncomfortable but long-established fact that structural change "would not be possible with-out an outflow of labour" has been dropped from the final document to spare farmers' sensitivities. Despite these evasions, how-

ever, the debate the Farm Com-missioner sought to provoke appears to have already begun, with three specific camps preparing their strategies for the forthcoming battle.

Mr Andriessen's greatest allies, both within and without the Commission come from his native Netherlands and the UK. Both countries, enjoying relatively efficient farmers, believe the administrative nightmare of a quota system must be avoided But they are also nervous of

the consequences of an expen-sive incomes aids scheme that sive incomes and scheme that would draw resources away from them to the poorer regions of the south. Like Mr Henning Christophersen, the Budget Commissioner, they fear that their more spendthrift colleagues might negotiate a costly income support policy but fail income support policy but fail to deliver on the quid pro quo of sharply reduced prices.

The rejectionist front is

formed by an unusual alliance between the West Germans traditionally opposed to any price cuts—and Ireland and the Mediterranean countries. The latter member states fear that any upset in the present CAP, particularly with incomes sub-sidies partly financed by their own Treasury, will disturb a system that has so far paid them

Crucially, it is France's attitude that may hold the key. To Paris, price cuts—in modera-tion—are an attractive option that make French exports, both within the EEC and abroad, more competitive. M Henri Nallet, the French minister, has also allied himself strongly with the price cut lobby in this year's cereals debate.

The downside of this approach, however, is the electoral ramifications. Fears of losses in volatile Midi farming constituencies in next year's elections might swing France behind the third option of a co-responsibility tax.

The reorientation of eash

This mechanism, which is favoured by some German officials, fulfills the Commission's objective farmers suffer for their own export subsidies through levies on all production which excee internal demand. But once internal demand. But once again the cost is further rigidity in the marketplace, addi-tional administrative expense and a tendency to freeze existing production patterns

Almost because this scheme. or the quotas option, represent the most unattractive and inadequate solutions to the problem cynics at the Commission believe they represent the most likely choice of the farm ministers.

And on the CAP, the cynics are seldom proved wrong.

Satellite communications

The pressing case for a legal framework

By Said Alexander Mosteshar

feel increasingly dependent for their communication needs on

the technologically advanced nations. The desire for inde-pendence and for profit will

lead to demands for greater

majority in the International

Telecommunications Union, hrs

already forced the ITU to review its method of allocating

satellite frequencies and positions. The ITU now sets aside certain frequencies and positions for future allocation

to countries with no immediate need for them. This is clearly not the most efficient use of these limited resources. In the 1976 Bogota Declaration eight

In a sense, the

have brought

about discord

tional negotiations.

in the

new technologies

international forum

equatorial countries claimed sovereignty over the most

important orbital positions, and further complicated interna-

It is in the interest of all

nations to co-operate so as to avoid a free-for-all chaos in the

world communications channels. But the previous system of allo-

cation has operated to the bene-fit of the advanced economies.

With a commanding majority in

the ITU and substantial benefits

to be reaped from satellite

communications, the tempta-tion for the less-developed

countries to seek implementa-tion of the Outer Space Treaty

must be almost irresistible. In particular they may look to the

provision declaring all resources of space to be the "common heri-

tage of mankind"—this in-cludes satellite frequencies and

Just in case all this did not sufficiently complicate a simple telephone call, many Western countries have legislation pro-

tecting individuals against com-

munication of centain computerbased information about them,

orbital positions.

from

control.

Pressure

THERE IS a widely held view less developed countries will that the world is rapidly shrinking. Technological advances have brought about rapid data transfer in the form of television pictures, telephone conversations, document ex-change and banking trans-actions, to name but a few.

Much of this communication is effected via satellites, about 23,000 miles above the earth. Ideas and information are daily exchanged between people of differing social, political and cultural backgrounds. One might expect that there would be a gradually increasing co-incidence in their interests and aspirations. Furthermore, the diversity of communications facilities and the seeming availability of information encourages the belief in a corresponding awareness of such information. But neither of these impressions is entirely

these impressions is entirely supported by the facts. In a sense, the new tech-nologies have brought about discord in the international forum. And communications

systems themselves by their very sophistication are capable of hidden as well as open transfer of information.

Pauses in a telephone conversation may be used simul-taneously to transfer a few million dollars from one bank account to another, to send a copy of a document around the world, and to pass secret information between com-puters. That is one reason why the use of such complex and costly satellites and equipment is relatively inexpensive.

Much of the information shunted around via satellite is the details of natural resources of Third World countries. It is often collected by American corporations and sent to computers in the U.S. Many African countries claim that the information belongs to them; subject part and parcel to their sovereignty.

Brazil and seven other South American countries have also taken advantage of the lack of any international definition of "space" to claim rights of sovereignty extending to satellites and other "space objects."

These are examples of the stances adopted by some Third World countries, which raise complex questions of international law. As satellite communication increases in volume and expression increases in volume similar to the 1984 Data Pro-tection Act in the UK. These and economic importance, the laws regulate the flow of data

across borders, often via satellite. The difference between the laws of the transmitting and the receiving countries creates complex legal problems with which banks, among others, have to contend daily. The absence of any international convention on the subject does not make things

Even existing international conventions do not always deal adequately with the problems arising from satellite communications. Many allow for differing domestic legislation to implement the desired objectives. For example, parties to the 1974 Satellite Convention may choose not to give an organization sending a television signal to a satellite copyright in the signal

They may instead impose criminal sanctions for satellite piracy, which the originator of the signal comnot enforce. Furthermore, to ride another hobbyhorse of mine, there is no generally accepted view of where a broadcast via a Direct Broadcast Satellite (DBS) is made. The signal to satellite is not "directly receivable" by the public, and so is not a "broadcasts" until it is relayed by the satellite. If, as is arguable, the broadcast is made in space, the international copyright conventions have limited application.
International satellite com-

munications between EEC coun-tries brings into play the Euro-pean competition laws. Enforcement of copyright can hinder free movement of television broadcasts. Consequently, the European Commission in the Green Paper "Television With-out Frontiers" recently pro-posed the withdrawal by EEC countries from certain copy-right conventions right conventions. In my view there is a press

ing case for comprehensive international conventions to provide a legal framework for satellite communications in all its aspects. Unless a coherent body of law is developed by international co-operation, satel-lite communications will become increasingly subject to piecemeal legal solutions created to resolve short-term and limited problems. This could be an upportunity for the UK to take the lead in a field that it has seen dominated by the U.S. and its European neighbours.

The language of insularity

From the Birector General, (July 12) David Lascelles makes the common mistake of those who meet mainly educated and

who meet mainly educated and anglophone foreigners or talk with foreigners whose livell-hood depends on being able to speak English; hotel personnel, travel agents and the line. For business you cannot rale inst on English. It does matter that British teenagers are too often If you wish effectively to sell goods or services to someone whose mother tongue is not

English, you need, at a minimum, to be able to mead and understand your customer's language. Moreover, without the local language you deny yourself direct access to local market intelligence from press. television and radio. Contacts, business and social alike, are limited to those in the country who speak English. You cannot know what you might have learned had you been abla to talk to those who did not speak English and you place yourself in the hands of your local repor-

in the hands of your local representative through whom you acquire whatever head knowledge he chooses to give you. In negotiation your opposite numbers can confer among themselves in code, ie, in their own language. You have no means of yourself checking whether written material about your products and services correctly. products and services correctly describes them. You have to take on trust that any agree-ment which may be binding

both in English and the local language has been connectly translated. Fortunately, efficient British firms do not share David Las-celles's views. Resent research sponsored by this institute shows that the job prospects for the graduate of a vocational discipline who has acquired practical knowledge of one or more European language and some work experience in a European country exceed those of any save the brightest stu-

The insularity typiced by David Lascelles is surely one of D. N. Royce.

64 Clifton Street, EC2.

us are very bad at learning tracting port of the 1930s.

Sir,—It seems perverse that foreign languages, that is no 2—Geographically we face the academics of Edinburgh reason to give up. More impor-tant, recent research has shown enjoy

Letters to the Editor

that inadequate use of foreign languages is one of several elements in our far-from-acceptable export performance. There is at present a great deal of indignation at the

us no-tariff barriers that protect the Japanese market. One, for which the Japanese can hadly be blamed, is their language. How can any company seriously contemplate penetrat-ing the market, working through the intricacies of Japanese bureaucracy or understanding the esentality of customers-missionst learning Japaness?-Conversely, one of the many reasons for the success of the Japanese in their own expert performance is their willingness

performance is their willingness to learn, not only English, but other languages as well.

The fact that English is undenbuedly the lingua franca of world business is a positive disadvantage to us in certain respects and Mr Lascelles has done nothing to help us overcome it. G. N. E. Wyburd.

163 New Oxford Street, WCL.

Sir,—David Lascelles rightly assues for scrapping foreign lenguage lessons but omits the ene important replacement. Today, besides English, the universal language is that of computers, BASIC, for example, is of more practical value than breach.

Peter Young. 21 Keble Close, Pound Hill, Crawley, Susser.

Less gloom and more glimmers

From the chairman. Clarke Lee and Nightingale
Sir,—Having been involved
with the public relations and
promotional activities for the City of Liverpool, Merseyside County Council, Merseyside Development Corporation, Inter-national Garden Festival and deut of electronics.

The insularity typified by David Lascelles is surely one of the reasons for the marked imbalance in the trade in manager than the first facturers between the UK and some of its continental neighbours.

D. N. Royce.

Continue Street EC2.

is sound enough—as it is each time it is written about Just International Chamber of Commerce UK

Sir, — The most charitable interpretation of David Lascelles' article it that it was intended to provoke.

It has, Just because some of the area were been expensed by the stilled labour intensive busy trading port of the 1930s.

creating atmosphere of the South-East. Oh that Stansted had been Ringway!

3-During the past four years

we have tried hard to improve our situation; both Mercedo and MDC bave enhanced our stand-ing, improving the climate for private sector involvement. That brings me to my last point.

4—It is recognised by many
Merseysiders that if we are to
achieve economic regeneration,
it has to start with ourselves. and that means the private sector. Much is being attempted by ear chamber of commerce, the Institute of Directors, and private sector groups, with tourism being a major consideration. Look out for less gloom and more glimmers. J. B. Clarke

25 Stanley Street, Liverpool

The attractions of Heysham From the Port Manager

Sealink Sea Terminal, Heysham Setume Sen Terminal, Heystom
Sir,—With reference to your
article on the Isle of Man Steam
Packet merger under the heading "Manx Line wins the shipping war" (June 28), I am
concerned that Ian Hamilton
Fazey can be so dismissive of
the Port of Heystam without talking to the port management

team. His description of the port as being remote and dreary can only be described as uneducated.

meducated.

Remote? Heysham is only eight miles from the M6 which connects Carlisle and the North with the M1 in the Midlands.

A bus link is provided to Lancaster Castle railway station from which point London is achievable within three hours.

Dreary? The 15-vest-old terachievable within three hours.
Dreary? The 15-year-old terminal building has recently benefited from £100,000 of investment resulting in a new walting area. A modern cafeteria will be opened at the end of the mouth and the travel centre has been refurbished. There are also plans to improve the car and coach park facilities

at the sea terminal.

In addition, we are discussing with British Rail the possibility of reopening the rail link between Heysham and Lancaster for the benefit of Isle of Heysham, Lancs.

Wave energy chance for investors

From Mr W. H. Bailey the wrong way and do not should bemoan the loss of gov- The Orchard, enjoy the natural wealth- ernment funding (July 11) at the Histon, Cambridge.

point of breakthrough in their project to harness cheap energy from the waves. Surely this must be a golden opportunity for them to exploit their knowledge, perfect their invention, and achieve fame and fortune to pany for this purpose—to which investors (myself not least) will flock to subscribe. W. H. Bailey, Cliff House, Llancarfan,

Barry, S. Glamorgan.

The chartist in

From Mr B. Kettell,
Sir,—The recent correspondence on efficient markets in
the FT seems to omit one particular aspect which may be of interest to readers. While thumbing through Malkiels's "A random walk down Wall Street," I happened upon a passage that developed the chartist theory in delightful detail:

"When the chartist chooses a stock for potential invest-ment, there is typically a period of observation and flirtation before he commits himself, since for the chartist es in romance and sexual conquest — timing is essential. There is mounting excitement There is mounting excitement as the stock penetrates the base formation and rises higher. Finally, if the affair has gone well, there is the moment of fulfilment — profit taking and the release and after glow that follow — and all this takes place under the pennant of that great symbol of sexuality: the

bull." Brian Kettell. Heath Street, NW3

No proof in tests From Mr A. J. W. Taylor.

Sir-There are many reserva tions as to the prudence of inviting senior managers with an exemplary track record to submit to psychological testing. Such tests cannot positively prove leadership potential, nor do they establish, without any doubt, the candidate's ability to overcome the stress syndrome. Psychological tests must be regarded as one part of the overall recruitment process, but, taken by themselves, are as reliable as a weather forecast. Antony Taylor. 3, Ryder Street, S.W.1.

British sugar prices From the managing director, Chivers Hartley

Sir, — I fully support and agree with the comments made by Hamish McDonald of James Robertson & Sons concerning the artificially high prices for sugar in the UK (July 10). Mr McDonald has illustrated all too clearly the disadvantage that we face, as British manufacturers, in trying to sustain a competitive position in home and world markets.

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FINANCIALTIMES

Wednesday July 17 1985



PRESSURE MOUNTS FOR A COMPROMISE ON THE ISSUE OF TRADE IN SERVICES

Gatt focus on Brazil and India

BY WILLIAM DULLFORCE IN GENEVA

BRAZIL and India will come under pressure from the combined weight of the industrialised nations over that, if developing countries apprearance of a preparatory meeting to the industrialised nations over the industrial industrialised nations over the industrial industrialised nations over the industrial industrialise the next two days to waive their opposition to the calling of a high-level meeting to prepare for interna-tional trade negotiations early next year. There is a chance that they

may give way.

The council of the General Agreement on Tariffs and Trade (Gatt) needs to find the appropriate wording on how trade in services is to be alt with in the new round of negotiations to enable it to reach a consensus on the convening of a preparatory meeting of senior officials before the end of September.

The new catch phrase in Gatt is ing some formal assurances that in the new round improvement to tion that national laws and regula-world trade in goods will not be tions designed to protect domestic vices so ardently sought by the U.S. first to Gatt. Since last week's indecisive meet-

ing of Gatt's consultative group of sions over the next two days will fo-

council may be able to agree on the calling of a preparatory meeting.

But it is by no means a certainty. The paper submitted to the consultative group last week, in which the U.S. spelt out its far-reaching ambitions for international trade in services, has not helped matters.

The U.S. wants international surance, telecommunications, data processing, shipping, aviation, construction and engineering.

But the two items which have most upset the developing countries "delinking." A hard core of developare Washington's proposals for ing countries is insisting on obtain rules to govern the behaviour of public monopolies and its suggestions designed to protect domestic services would have to be notified

However, the council's discus-

work out an agenda.

The chances of the council agree-ing have been improved by the apzilian and Indian approaches. These two countries have been the main opponents to the inclusion of services in the trade talks.

India so far sticks to its position that services have nothing to do with Gatt and should be discussed, if at all, in another forum.

Brazil is not objecting to services being dealt with under the aggis of Gatt, but wants the talks on services to be prepared and conducted separately from the negotiations on trading in goods.

Some developing countries, including Egypt, Argentina and Yu-goslavia, share Brazil's fear that the U.S. will seek to trade off badly-needed improvements and expan-

Other developing countries, no tably the six members of the Asso ciation of South-East Asian Nations (Asean) and South Korea want to unblock the way to new trade talks. Their frustration at the delaying tactics of Brazil and India is now shared by some of the South Ameri-

The European Economic Comm nity is expected to propose formally that the council convene a preparatory meeting. The four major trad-ing communities - the EEC, U.S., Japan and Canada - reiterated at a three-day meeting of trade ministers in Canada at the weekend, their agreement that services must be included in the new round.

If the wording on services cam be agreed, it is likely that Sr Felipe Jaramillo, the Colombian Chairman of the Council, will be urged to use his powers to call the preparatory meeting without the backing of a

UK firms seek money broking licence

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

LAZARD BROTHERS, the British- brokers in the stock exchange, most based merchant bank, and King & of them divisions of stockbrokers Shaxson, the discount house, have applied to the Bank of England to become money brokers in London's reshaped government securities market which will be launched next

Both institutions have until now held back from the so-called "City revolution" which is recasting the UK securities markets. But they believe that money broking gives them an opportunity to participate in the changes without exposing themselves to the large risks that many foresee in the new markets.

There are at present six money month.

Brussels to

lift deadline

on steel aid

Continued from Page 1

payments and site clearance.

also include provision to comp

sate steel producers for closing

ed. Where old plant had already

been fully written off, and the mar-

ginal cost of closure outweighed the

losses of continued operation steel

ed if they agreed to closures. Mr Sutherland said that fixing the de-

preciation or compensation eligible

for subsidy would be by an outside

The idea of continued state sub-

sidies to close steel-making capaci-

ty is regarded with some suspicion by West Germany, while France

and Italy in particular are unhappy

about the Commission's determination to end all investment and op-

fore being approved by the 10 in-

dustry ministers before the end of

On the question of ending the

current minimum price system,

Herr Naries said it would be moni-

Mr Varfis said greater co-ordina-tion of regional and social aid in de-

clining steel making areas was

needed, and the amount of money available would be increased from

Ecu 9bn to Ecu 10bn (\$7.83bn) over

the next four years. Apart from sup-

porting new job-creation schemes.

that would seek to promote new

erating aids on December 31. The programme is likely to be extensively debated and amended be-

anies could also be compensat

plant closures, such as redundancy

The closure aids, however, would

like Rowe & Pitman, Capels and Hoare Govett. Their role is to add liquidity to the markets by finding investors or dealers who are willing to lend rather than sell securities in exchange for cash. They act as agents rather than principals.

son have had to accompany their application with letters from primary dealers in the gilts market as evidence that their services will be used. The existing money brokers have also applied to the Bank, which will publish a list next

BY STEWART FLEMING IN WASHINGTON

restraint agreements which have

been negotiated with 14 countries

The Administration has also as-

sured the industry that the new car-bon steel export restraint agree-

ment being negotiated with the EEC will also include curbs on spe-cial steel exports, Mr Paul Roedel,

chairman of a special steel industry group, said yesterday.

President Ronald Reagan insti-

tuted a four-year import restraint programme in July 1983 which

which export to the U.S. market.

Applicants have had to show that they have the expertise and capital

Sir John Nott, the joint chairman of Lazards, said yesterday that the money broking business would be a separate subsidiary with capital of at least £5m (\$6.9m). Since this is a new departure, the bank will be recruiting staff with money-broking experience in the City of London.

Although there is considerable loyalty to existing money brokers, Lazards believes its independence from other financial groups will give it an advantage over brokers who are in the process of being absorbed into larger conglom

for key special steel products

U.S. SPECIAL steelmakers have placed quotas on stainless steel "very serious gaps" in the voluntary succeeded in persuading the Reabars, rod and alloy steels and tariffs agreements with Sweden, Canada,

gan Administration to include some of flat-rolled stainless products. Be Austria and the EEC. "We have

of the programme, Mr Roedel said

imports of the flat-rolled products

The Administration has now rec

ognised the problem and included stainless flat-rolled products, stain-

less steel wire, electrical steel and

stainless pipe and tubing within the

overall carbon steel import agree-

ments which have been reached

with Japan, South Korea and a doz-

en other steel exporting countries,

He said, however, that there were quotas.

have increased dramatically.

The huge increase in trading vol-ume in the new gilts market should also enable outsiders to break into a business which has been relative uncompetitive until now. Alto be enormously profitable, it is hoping for a higher return on capital than it gets from banking.

King & Shaxson also expects to capitalise its money-broking venture at about £5m. The discount house felt it was too small to become a primary dealer. But it sees money broking as a way of taking advantage of the new system, ac-cording to Mr W. D'Abbans, the

ministration that the (new) EEC

agreement will include our prod-

The industry is also examining

the possibility of launching a com

plaint against Sweden under U.S. trade laws. In 1983 the Reagan Ad-

ministration had sought to resist

protectionist pressures from the

stainless steel industry by granting

import relief in the form of a mix-

ture of quotas and tariffs even

though the industry wanted only

In view of the D-Mark's importance as a currency for investment U.S. agrees on export restraint and as a reserve currency, the Bun-desbank is anxious to preserve its

With an eye to this need, the cen-tral bank has been taking steps to bolster West Germany's attractiveness as a financial centre in com-

Last year it successfully lobbied for an end to the withholding tax | London hotels (coupon tax) on interest payments for foreign banks' subsidiaries in West Germany to lead-manage for-

novatory financial instruments. It is also considering whether allow banks in West Germany to is

The Bundesbank, meanwhile, disclosed that its measure of money supply rose at an annual rate of 4 per cent last month - exactly in the middle of its 3 to 5 per cent target

GTE hit by losses at Sprint

GTE, the U.S. telecommunications cal products. However, these immust pay to connect its customers group yesterday posted flat second-proved results were essentially offby continuing operating losses from its GTE Sprint long distance telephone unit which it blamed on "an unfair regulatory environment."

The Stamford, Connecticut-based tored closely, and reintroduced if group posted second-quarter net there was any threat of a collapse of earnings of \$285m or \$1.33 a share compared with \$283m or \$1.41 a Production quotas for some long products would be the first to go, in share in the 1984 period on revenues that grew by 8 per cent to \$3.9bn from \$3.6bn. The per-share the first phase of the three-year transition period, he said. Progress earnings decline reflects a higher with the programme would be reasnumber of average outstanding sessed at the 18-month or two year shares, 207m compared with 193m a

For the first half, GTE said net earnings fell by 6 per cent to \$558m or \$2.62 a share from \$595m or \$3 a

to \$7.8bn from \$7.1bn.
Mr Theodore Brophy, chairman proved revenues and net income reflect the continued excellent performance by telephone operations as well as higher results in electri-

set by operating losses in GTE Sprint's long-distance business, which continues to be hampered by an unfair regulatory environment that adversely affects all the long-

Mr Brophy, who has led AT & Ts cut-orice long-distance rivals in their recent battle for changes in the AT & T break-up agreement, added: "We will continue to seek a more equitable transition plan for long-distance telephone business from the 100-year-old monopoly by AT & T to a truly competitive

GTE said its communications services division, which includes GTE Sprint, had an operating loss of \$58m in the latest quarter, compared with a \$30m operating profit a year ago on revenu a modest 2 per cent to \$322m. GTE Sprint's operations have been adversely affected by the higher post-

to local telephone networks.

In contrast, three of the seven re gional telephone holding compa-nies, spun off as part of the AT&T break-up, all posted higher second quarter net earnings yesterday.

Ameritech said second-quarter net earnings grew to \$270.1m or \$2.76 a share from \$263.9m or \$2.71 a share on revenues of \$2.24bn up from \$2.07bn. The latest results lifted six-month earnings to \$544.4m or \$5.56 a share on revenues of \$4.46bn compared with \$521.5m or \$5.38 a share on revenues of \$4.1bn a year

Nynex said second-quarter net earnings increased to \$262.5m or \$2.60 a share from \$239.6m or \$2.46 a share on revenues which increased to \$2.54bn from \$2.36bn.

Pacific Telesis posted secondquarter net earnings of \$243.5m or \$2.42 a share compared with \$211.9m or \$2.18 a share on revenues of \$2.12bn compared with

Bundesbank calls for demolition of financial frontiers

By John Davies in Frankfurt

THE BUNDESBANK, West Gernany's central bank, has renewed its call for an end to restrictions on the movement of capital between

Regulations which cut off national capital markets from one another are not compatible in the long run with the goals of the European Community or of the European Monetary System, the central bank says in its latest monthly report. The Bundesbank says it is

remarkable that it has so far been impossible to break down the barriers to capital flows within the EEC, as envisaged by the treaty setting up the Community.

Apart from West Germany, the only EEC countries to allow their citizens to buy shares on foreign stock markets without any restrictions and at the normal currency exchange rates are the UK, Denmark and the Netherlands, the central bank says.

It points out that other forms of capital transfers also run into obnotably France and Italy,

In the Bundesbank's view, a global capital market is still far from reality. West Germany and a few other major countries such as the U.S. and the UK are exceptions in the free rein given to capital flows. Even Switzerland, the Bundesbank points out, requires authorisation for certain lending abroad. In advocating further liberalisa-

tion of international capital flows, the Bundesbank is not only acting out of conviction that free market policies are beneficial overall. There is also a certain amount of self-interest, as West Germany may be in a position to gain from further intermeshing of capital flows.

ness as a mancial centre in com-parison with London, New York and day's historic p/e of over 10 could still be too high.

eign D-Mark bond issues and dropped its opposition to certain in-

sue certificates of deposit.

Martens told to continue

Continued from Page 1 the Hevsel stadium, when rampaging Liverpool fans caused a panio and carnage among the rival Italian supporters for the crisis in his Gov-

The general election would nornally have been held on December 8, but now will take place on or be-fore October 13, M Martens said. He insisted that it should be possible to continue the present coalition of Flemish and French-speaking Liberals and Christian Democrats after the elections, in spite of the bitter exchange between M Gol and M Nothomb. The coalition parties face a strong challenge from the Socialist parties in the polls. The government crisis took its

exchange, where the index fell by 33 points, and the Belgian franc almarkets. However, M Martens, in his fifth

term as Prime Minister, has reinforced his reputation as a remark-

THE LEX COLUMN Engineers take

When the stock market read veserday that Midlands engineering companies were worried about the effect of interest and exchange rates on their order books, prices in the mechanical engineering sector fell by 1½ per cent. Of the leaders, Hawker Siddeley lost 12p to 373p

and GKN, 12p to 212p. It seems curious that what has become a more or less annual com-But the combination of pessimism from the companies and industrial production figures showing more or less flat engineering output since the middle of last year seems to have tipped the balance on many analysts predictions.

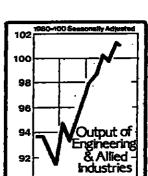
Instead of forecasting a steady

ecovery through lower costs and capacity, some people are now wor-rying about a squeeze inflicted by a stronger pound. In the face of tough import competition, it is not clear how much more action companies could take - most of the rationalisation has apparently already been

naged perfectly well when sterling was at \$1.40 last year. What they are more concerned about, though, is its level against European currenstance, exports to Germany are six times those to the U.S. And since January, sterling has appreciated against the D-Mark by nearly 15 per cent. The larger comp should be the best insulated from this. Either they have hedged their currency exposure or they have manufacturing operations in the countries they supply. But in the longer term, hedges have to be un-wound and profits translated at

The currency factor will affect all exporting manufacturers, but engineering companies claim to be doubly hit. High interest rates, they say, undermine their customers' confidence as well as squeezing profits. If their sales volume only stands still this year as a result, there should be enough margin improvement from efficiency gains to increase profits. If sales fall foul of foreign competition, however, to

ings from its tour operations by expanding into hotels. Never the most sedate of businesses, Intasun has pears from the 1984-85 accounts pressed ahead with a disregard for published yesterday, has retained timing which gives new meaning to its 33 per cent interest in Appleby-



a pounding

the notion of countercyclical investment in announcing the purchase for £37m yesterday of two railway hotels in London, Intasun has bought into one declining cycle to balance another coming - by Inta-sun's account - out of its trough.

83 84 85

Intasun argues (alongside ali those brewers and distillers) that the currency cycle will roll by and still leave London without any new hotel property. But it is hard to see Intasun squeezing much more in occupancy or room rate out of the Grosvenor: the refurbishment is fully in the price and there is no sign whatever that a manager of Ramada's experience will want to run the

The Charing Cross Hotel may offer greater scope, either for redirection towards business travellers or as a dormitory for Global tourists. Having been quick to identify the false synergy between its package tours and its airline, Intasun would surely not fall into the same trap with its hotel portfolio. None the less, a 10 per cent return scarcely aves much headroom for mortgage payments and refurbishment

Capel – with a view to giving Partings to people. Intasun may have paid the fullest possible price of £65,000 a room; but this is miserly compared with the 1000 times or expense. historic earnings recently offered by Trosthouse' Forte for a few voting shares in the Savoy.

British Steel

There is nothing quite so tantalising as a set of nationalised industry accounts. The reader is led through should balance the risks to earn- only to discover that the most inter-

Frodingham Cottage Trust. But quite where within its principal businesses it lost £172m is a mys-

specific as can be is the effect of the miners' strike on its results for the year to March. The strike, it estimated, cost £180m and so converted a potential profit after interest into a loss of £140m for the group. A pretax profit was never on the cards -exceptional charges totalled £264m - but at least BSC appears to be moving in the right direction. It was making underlying profits of around £20m a quarter in the sec-ond half of last year and appears to have maintained that level so far in

Some of that progress, however, results from the substitution of Government funds, which incur no servicing cost, for interest-bearing term debt. Over £250m of marketrelated borrowings have been paid back in this way during the past two years. From next year, BSC will be obliged by the EEC to meet its capital requirements in the open market. At a time when BSC is running out of easy productivity gains, additional interest costs will be unwelcome to say the least

PosTel/Parsons

It is perhaps strange that while all manner of banks and other outsiders have queued to buy their way into stockbroking, pension funds and in urance companies have been conspicuously absent. PosTel seems to have broken new ground yesterday by acquiring 20 per cent of Parsons & Co, a Glasgow firm specialising in private client business. The fact that another 20 per

tion of the City revolution at work seems more doubtful. PosTel is a major consumer of stockhroking services, but has had no particular relationship with Parsons, and does not intend to funnel its business exclusively through a middling-sized office in West Nile Street. Capel could usefully sell research to Parsons, since its own private client list

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The two acquisitions made in March 1984, G B Parkes and Brooks & Walker, achieved an encouraging first year contribution, with combined sales of £23 million and operating profits of £1.58 million. At the same time, the performance

of the Group, excluding these acquisitions, has shown corresponding progress. Prices of many steel and tube products have been rising and the volume of sales has increased. Much benefit continues to be derived from

our continuing policy of investment in new and improved equipment and from our strength and diversity in the distribution of industrial products.

Opportunities for further expansion continue to be sought. During the year two small further acquisitions were made, Morris Warden, a valve distributor, and GW Mancell, a steel distributor. Very recently the acquisition of Target Industrial Limited, a distributor of industrial hose and fittings was announced.

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World Weather

Bonn warned against 'complacency'

OECD holds the rise in personal income tax since 1982 (in good measure due to "fiscal drag"), largely re-

ment has promised but failed to de- The report is sceptical of the adtrary, subsidies - principally to ag-riculture, aerospace, the railways and mining - have risen "markedly" by some yardsticks the state's fi-

of Chancellor Helmut Kohl came to office.

The way ahead, if Bonn is to achieve the desired combination of comments that an improvement in

vantages of further budgetary belt-tightening along the lines advocat-

ket and more forceful pursuit of privatisation. So far, the report observes, Bonn has reduced its stake

Continued from Page 1

The survey points out that the two-stage tax cut of DM 20bn - DM 11bn in 1986 and DM 9bn in 1988 will only roughly make good the efsince the centre-right Government of Chancellor Helmut Kohl came to

since 1982, increasing by 17 per cent nances are already in underlying between 1983 and 1984. between 1983 and 1984.

The OECD also wants a shift in public spending away from conpublic spending away from contact to investment. Noting tack on rigidities in the labour martines forceful pursuit of

gether with maintained price stabilately, lies in a variety of structural reforms, some of which the Govern-



SECTION II - COMPANIES & CAPITAL MARKETS

FINANCIAL TIMES

Wednesday July 17 1985



Indesit sacks board as record loss revealed

BY JAMES BUXTON IN ROME

INDESIT, the troubled Italian

But the company said that negotiations with a potential rescuer were at an advanced stage, al-though it stressed that any rescue would be conditional on a drastic restructuring of the company and of

At a shareholders' meeting in Tirin, shareholders voted in a board representing the Campioni family, the majority shareholders who stepped down from managing indesit after an earlier crisis in 1980. At that time Sig Mario Nobili became chairman and managing director. Yesterday he was replaced

BY PAUL TAYLOR IN NEW YORK

U.S. banking groups, Security Pa- Each of Citicorp's major banking cific, Mellon and Wells Fargo, yes- divisions posted second-quarter

ings, continuing a pattern of spar-a year earlier. The Individual Bank-kling quarterly results buoyed by ing Unit earned \$88m, up \$36m

higher net interest income, fee in- from a year ago, and Investment

come and securities trading, partly Banking earned \$48m, up \$17m offset by higher expenses and geo-from the 1984 period.

Bank, the 11th largest banking share from \$136.5m or \$1.85 a share.

In contrast, Texas Commerce er net-interest margin.

group, managed a 16 per cent in- er, bolstered by a 16 per cent in- riod

CITICORP and three other major

terday reported sharply higher sec-ond-quarter and first-half net earn-

posted a 15.45 per cent gain, Mellon

group said second-quarter net earn-

Schlumberger

drop by 27%

SCHLUMBERGER, the major New

York-based oilfield services group,

yesterday reported a 27 per cent fall

in second-quarter net earnings fol-

lowing five consecutive quarters of

dvances on a comparable basis.

\$1.01 a share to \$212m or 71 cents,

taking profits for the first six months to \$515.6m or \$1.72 a share

from \$555.5m or \$1.96. Revenues rose from \$3.95bn to \$3.33bn in the

six months, M. Jean Riboud, chairman and

chief executive, attributed the sec-

Net profits fell from \$291.7m or

By Our Financial Staff

earnings

in both positions by Sig Franco Pas-

sales of LS01bn.

tal is to be written down from L75bn.to L40bn.

Indesit, which was in receivership from 1980 to 1983, has suffered both from the general weakness of the European white goods market and from the difficulties it has had cutting its productive capacity and labour force. It has the capacity to produce nearly 3m units a year. although current production is less

Profits up at four U.S. banks

share from \$429m or \$3.13 a share.

earnings gains. The Institutional Bank earned \$176m, up \$16m from

Each of Citicorp's major banking

Los Angeles-based Security Pa-

earnings grew to \$152.7m or \$2.08 a earnings grew to \$47.5m or \$2.05 a

Security Pacific's net interest in- lifting first-half earnings to \$92.4m

Honeywell slips back

manufacturer, suffered a 30 per were down at \$98.7m or \$2.14. In the

cent fall in second quarier net earn-ings. The decline followed smaller discontinued operations left the fi-falls at IBM and NCR, but the nal net at \$113.9m, or \$2.43.

in 1984.

despite revenue gain

HONEYWELL, the U.S. mainframe tinued operations.

Citicorp, the world's largest bank- cific said its second-quarter net \$45.3m, up from \$30.4m a year earli-

ing group, said net earnings rose by earnings increased to \$79.2m or er, while net credit loss

22 per cent, Security Pacific, the \$1.08 a share from \$88.6m or 93 doubled to \$20.3m from \$10.3m. seventh largest U.S. banking group, cents a share and first-half net Wells Fargo's second-quarter

ings grew by 42 per cent and Wells come grew by 15 per cent to or \$4 a share compared with \$80.9m Fargo, the 13th largest banking \$410.6m from \$357.8m a year earli- or \$3.15 a share in the year-ago pe-

crease in earning assets and a wid-

said its not earnings fell by 33 per non-interest mome growth by 35 per year earlier, net loan charge offs cent reflecting higher loan loss pro-cent to \$224 am in the lattest period, were \$43.4m compared with \$36.3m visions, moderating from growth while non-interest expense, includant a lower net interest margin. ing the provision for credit losses.

Citicory's second-quarter net gained 23 per cent to \$435.9m. The second-quarter net earnings fell to \$221.1m.

share lifting first-half net earnings or but down from \$78.8m in the 1985

the second quarter to increase the by 23 per cent to \$528m or \$3.83 a first quarter.

marry renected a soum charge in the second quarter to increase the allowance for possible loan losses.

BY OUR NEW YORK STAFF

computer and control instruments

group had warned in June of a

sharp setback and, with the weakness in the sector having already been discounted, Honeywell's

shares rose \$% in early Wall Street

trading to \$62. Honeywell blamed the slide in

on the downturn in the computer

industry and weakness in capital

heres, ranked 21 in the U.S., The banking group noted that \$48.6m compared with \$48.4m a

INDESIT, the troubled Italian more than four times the 1983 loss tiations with a potential rescuer of L24.4bn. About I.45bn of the loss had reached a promising stage but was incurred in the white goods to identify the rescuer. L16bn (\$56m) in 1984.

But the company said that response of the sector of the sect down of the assets of the company. the closure of plants and a drastic Turnover for 1984 was not re- cut in the labour force from the vealed. In 1983 the company had sales of L301bn.

To absorb the loss, Indesit's capi
3,700 are permanently laid off.

A purchaser would also insist on the company abandoning unremunerative sectors such as components, compressors and consumer elec-

In the past few months, the company is known to have held talks with U.S., European and Italian white goods makers. These include Westinghouse and Whirlpool, Electrolux (which controls Zanussi) the Sig Mario Nobili, the outgoing leading Italian white goods mak
Last year's loss of L106bn was chairman, said yesterday that nego- and Candy and Ariston of Italy. leading Italian white goods maker,

Mellon Bank said its second-

quarter net earnings jumped to

\$68.1m or \$2.45 a share from \$39.4m

or \$1.40 a share while first-half net

earnings increased to \$109.7m or

\$3.91 a share from \$72.5m or \$2.60 a

per cent to \$219.5m. The Pittsburgh-based bank's provision for possible

loan losses in the latest quarter was

Wells Fargo's second-quarter net

share from \$40.9m or \$1.63 a share,

Wells Fargo said its provision for

loans losses in the latest period was

For the first six months, earnings

Honeywell's sales for the second

Mr Edson Spencer, chairman and

three months were up at \$1.55bn,

from \$1.47bn taking the half-year

total to \$3.03bn from \$2.85bn.

around \$15%. MGM/UA's statement said Mr Kerkorian and his investment vehicle, Tracinda, would take up their full entitlement in the spin-off operation, proceeds of which would be used to reduce debt.

MGM plan

to spin off

MGM/UA Entertainment, the film

and television programme produc-tion company controlled by Mr Krik

Kerkorian, is considering a plan to spin off its United Artists subsid-

Mr Frank Rothman, the compa

ny's chairman, also said he had re-ceived approaches from substan-

tial third parties" interested in buy-ing MGM/UA itself, or else parts of

its operations. He said the board

was "obviously going to consider se-

riously whether this makes sense to

The spin-off proposal, if put into effect now, would value United Art-

ists at about \$500m, MGM/UA

shareholders would be offered one

share in the company at \$10 for each MGM/UA share owned. The

stock has recently been trading at

our shareholders."

United

Artists

Krauss-Maffei sale by Flick gets go-ahead

By Rupert Comwell in Bonn THE Federal Cartel Office in Berlin

signalled yesterday its all-clear for the proposed sale by the Flick in-dustrial group of its key arms sub-sidiary Krauss-Maffei to a consortium of banks and companies, including Messerschmitt-Bölkow-Blohm (MBB), the largest West German aerospace and defence Messerschmitt-Bölkow-

The approval by the powerful Berlin office would seem to remove the last obstacle in the way of the group's La Seyne and La Ciotat deal, mooted for the first time, albeit in rather different form, more

than a year ago.

However, the Cartel authorities resolutely blocked earlier proposals which would have seen MBB gain earnings increased to \$251m or provision for loan losses was \$31.1m from \$46.4m. The drop pri-\$1.81 a share from \$206m or \$1.48 a \$67.9m, up from \$49.8m a year earli-marily reflected a \$60m charge in either a financial majority stake in Krauss-Maffei, or disguised man-

Static results for U.S. **publishers**

By Our New York Staff

TWO large U.S. publishing groups have turned in almost flat secondquarter earnings. Time, which also has video and cable TV operations. produced net income of \$60.22m, or 94 cents a share, against \$60.14m, or 92 cents previously. Combined with a dull first quarter, that left the group's half-year total only slightly ahead at \$104.28m, or \$1.64, against \$103.67m, or \$1.59.

chief executive, said Honeywell's computer orders were up signifi-McGraw Hill, which is also innet income from \$74.3m to \$52.5m cantly over the comparable quarter volved in communications, showed net earnings for the second quarter Operating profit was lower in the at 534.63m, or 68 cents a share, against 532.37m, or 64 cents previchief executive, attributed the search ond-quarter earnings decline to spending. On a per-share basis, control systems divisions, while for costs associated with the acquisition late last year of Sedco, a control systems divisions, while for previously. The year-ago figure was struck after a \$5.4m loss on disconchanged. control systems divisions, while for ously. That left the six-month figures at \$63.2m or \$1.25 a share against \$59.1m or \$1.17 a share

EUROBONDS

rowt

up est

Equity links draw investors

BY MAGGIE URRY IN LONDON

THE D-Mark Eurobond market received its first issue led by a foreign-owned bank yesterday when

Merrill Lynch brought Hydrocredit, with the same coupon and eign-owned bank yesterday when Merrill Lynch brought Hydro-CSFB-Effectenbank launched a DM Quebec to the market for C\$100m 100m issue for Credit Suisse Fi- with a 10-year deal paying an 11 per nance (Panama). The deal also cent coupon with a 100% issue price, played to the Eurobond market's With fees of 2 per cent the issue was current preoccupation with equity- moving well at a discount around linked issues, coming with war-rants to buy Credit Suisse shares.

a 4 per cent coupon. The warrants buy into the shares at SwFr 2.880 compared with a closing price of SwFr 2,885. The deal was selling well and traded at around 103%.

Meanwhile, in the Eurodollar market an issue with equity warrants for Dowa Mining, the Japanese group, was also meeting demand. This is a \$50m issue with a five-year maturity. Nikko Securities (Europe) indicated a 7 per cent coupon and a 2% per cent exercise remium. The bonds traded around the par issue price.

That was the only issue yesterday in the dollar sector of the market. Sentiment among Eurodollar traders improved yesterday, and prices gained about half a point as hopes were raised that the U.S. ASSOm issue for Westpac Banking GNP figure, due tomorrow, will be which has a five-year life and a 12%

ants to buy Credit Suisse shares.

The issue has a five-year life with
4 per cent coupon. The warrants

Late in the day, Union Bank of
Switzerland (securities) launched a
five-year CS100m issue for Bell Canada Enterprises. This looked tightly-priced compared with the Hydro-Quebec issue at 100% with a 10% per cent coupon. It came too late to

> The Australian dollar sector saw deal expected today for Den norske Creditbank. The market for these issues consists mainly of retail inwith a 12% per cent coupon and a three-year life. The issue price was set at 100% and the bonds were

revised downward.

per cent coupon, with the bonds is
Interest again centred on nonSue price 100%. This suffered a little
U.S. dollar currencies with issues when Morgan Stanley launched a

Credit Suisse announced a St

maturity, though a 100% issue price. Both deals were quoted within their 2 per cent commissions.
Two New Zealand dollar deals

were launched as well, following the success of recent issues. Morgan Stanley led a NZ\$50m deal for Bank of Nova Scotia which matures in March 1989. This pays a 16% per cent coupon and was priced at 99%. The issue was trading well at around 98%, inside the fees of 1%

Banque Gutzwiller, one of the pioneers of the New Zealand dollar market, launched a NZ\$40m deal for Finance Corporation of New Zealand, which is guaranteed by Brierley Investments. This has a four-year life with a 16% per cent coupon and 100% issue price. In the Swiss franc foreign bond market trading was quiet yesterday, with prices unchanged on aver- first three years, rising to % per

age. The issue for Kinder Care ended its first day's trading at 97% com- begin after a grace period of five pared with its 99% issue price. It years. has a 5% per cent coupon and 10-year life. National Westminster's bond with equity warrants advanced a further % point to 106%. Credit Suisse announced a SwFr 60m private placement for Toshiba ing an asset they can trade in the

is raising Ecu 100m in what is be-lieved to be one of the first Eurocredits for a Danish borrwer so far

bonds and floating rate notes.

IFV is paying a margin of % per cent over Ecu deposit rates for the cent for the next five. Repayments

SWEDEN GIVES OFFSHORE SERVICE GROUP A DEBT REPAYMENT MORATORIUM

Consafe granted a brief respite

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

the state, its main creditor, in its fight to avoid financial collapse.

The Swedish state, which has state-owned shipbuilding group guaranteed about SKr 2.3bn which has built eight platforms for \$273m) of Consafe's SKr 3bn longterm debts, has given a 2½ months moratorium on the company's debt repayments until October 1. At the same time, it has released

about SKr 65m of Consafe funds. which have been held in a blocked account with the National Debt Office. The funds are to be used exclusively to meet interest payments on Consale's state guaranteed debt.

Consafe, the world's leading op-erator of offshore accommodation

Swedish offshore service company, a serious financial crisis. Its survivhas been granted a short respite by al is solely dependent on financial aid from the Government. Negotiations with Swedyard, the

> Consafe in recent years and which is the primary guarantor of about 8 Kr 500m in cash, and we have 80 per cent of Consate's debt, were been drained of SKr 300m so far broken off by Swedyard late on Monday night

Swedyard said that Consafe had turned down its offer of financial aid and that it was not prepared to make further concessions.

Consafe said yesterday that Swedvard had offered "insufficient financial support." In addition it and service platforms for the oil had insisted on conditions which and gas industry and Sweden's were illegal, as they would give the main footbold in the offshore sup-shippard priority securities over

CONSAFE, the financially troubled ply industry is, however, still facing other creditors on certain Consafe Mr Christer Ericsson, founder, majority shareholder and manag-

ing director of Consafe, warned that the company's liquidity position was deteriorating daily. "At the start of the year, we had

this year. If this goes on we are in trouble, the problem comes up quite He warned that if Consafe was al-

lowed to collapse, about 80 per cent of the problem would automatically fall on to Swedyard, the already hard-pressed state shipbuilder. "It will have a domino effect."

Mr Ericsson said Consafe had to improve its balance sheet to be able to survive difficult years. Two years

ago, it had been one of Sweden's most profitable companies.

It was still seeking to persuade the state to write off part of its loans as well as to agree rescheduling of Consafe's remaining debt.

with the state soon.

As majority shareholder, Mr Ericsson said he was willing to accept a write-down of about half the Consafe capital. In addition, the group would need a substantial injection of new equity capital.

The size of Consafe's financial problems were revealed at the beginning of last week when the company said it expected to run up losses of SKr 300m to 400m this year and it was opening negotia-

Normed to shed jobs as aid budget is cut

BY DAVID HOUSEGO IN PARIS

NORMED, the ailing French shipouilding group, is to accelerate cuts tion's revised plan for the shipbuildin its workforce with the shedding of a further 900 jobs this year. The new cuts reflect the Government's determination to reduce sub-

sidies to the shipbuilding industry in line with its continuing squeeze on public expenditure.
Normed benefited from FFr 3bn (\$342.8m) in aid last year out of total subsidies to the industry of about FFr 5.5bn. This year's budget

initially provided for fresh aid to the industry of FFr 3.5bn but, because of the depressed market for new ships, this has already swollen to FFr 4bn. M Jacques Dollois, the President of Normed, said that the heaviest cuts would fall on the Dunkerque yard with 700 jobs to be shed. The

remaining 200 will be cut from the

Under the Socialist administraing industry announced in March last year, the workforce at Normed was to be reduced from 11,000 at the beginning of 1984 to 7,800 by the end of 1988 through early retirement and retraining schemes.

The original plan provided for Normed to cut its capacity by a third to 150,000 dwt - of which Dunkerque's share was 50,000 tonnes. With only two new boats currently being built at Dunkerque, the yard's capacity is to be further reduced to 25,000 tonnes. However, the yard is expected to receive an order from the French state railways for a new cross-Channel ferry.

The major shareholders in Normed are the Schneider group, which owns 37 per cent of the shares, and the Lebanese Intra in-

Lower second quarter at Baxter Travenol

BY CHRIS CAMERON-JONES IN NEW YORK

er this week won the battle for control of American Hospital Supply (AHS) with a \$3.8bn agreed bid, yesterday reported an 8 per cent downturn in second quarter net AHS management has been highly

In contrast, Hospital Corporation of America (HCA), which had originally made an agreed \$6.6bn stock swap merger deal with AHS before Baxter appeared on the scene, reported a 25 per cent advance in earnings for the period. In the second three months, Bax-

ter was hit by competitive pressure on prices depressing profit to Net income for the latest quarter \$43.6m, or 30 cents a share, from at HCA was \$92.63m, or \$1.02 a \$26.3m at \$499.8m.

BAXTER TRAVENOL, the U.S. per cent higher at \$997.Im, up from medical products group which earli- \$874.1m. The Baxter and AHS merger

creates a group with combined sales of more than \$5bn and earnings of more than \$300m a year. critical of Baxter's intervention.

In its interim report, Baxter says its operating performance is directly in li. 2 with expectations and it continues to be confident that operating income, which was down 11 per cent in the quarter but up 3 per cent on the six months, will exceed

\$47.4m, or 34 cents, on sales up share, up from \$73.91m, or 84 cents a year ago, taking the six-month to-This left the six months earnings tal to \$196.85m, or \$2.18, from little changed at \$62.4m, or 56 cents, \$160.37m, or \$1.62 previously. Halfagainst 882.9m, or 59 cents, last year revenue at HCA was up 12 per time. Sales for the half year were 14 cent at \$2.39bn, from \$2.13bn.

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New Issue/June, 1985

Can. \$100,000,000

Canadian National Railway Company

(Wholly owned by the Government of Canada)

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McLeod Young Weir International Limited

Orion Royal Bank Limited

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Swiss Bank Corporation International Limited

Morgan Guaranty Ltd Union Bank of Switzerland (Securities) Limited

S. G. Warburg & Co. Ltd.

Wood Gundy Inc.

Algemene Bank Nederland N.V. Bank of America International Bank Gutzwiller, Kurz, Bungener (Overse Bank J. Vontobel & Co. AG Bankers Trust International Banque Internationale à Luxembourg S.A. Banque Paribas Capital Markets Banque Populaire Suisse SA Luxembourg Banque Worms

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Vereins- und Westbank **Toronto Dominion Interna**

Saitama Bank (Europe) S.A.

Yamaichi International (Europe)

Sparekassen SDS

three new issues, with a further vestors and they are very selective in buying bonds. Hambros Bank pleased them by bringing General Motors Acceptance Corp, a well-known name, with a AS35m issue

IFV Power in Ecu 100m **Eurocredit**

By Peter Montagnon in London

IFV Power, the public sector utility

Bankers say the fine terms on the credit give a rare indication of current pricing levels for Danish Eurocredits. So far this year Denmark has concentrated on alternative forms of borrowing, such as

BHF Bank bond average Previous 103,799 99.840

The borrower intends to draw the full amount raised rather than hold it in standby form. This makes the deal more attractive for banks seek.

INTERNATIONAL COMPANIES and FINANCE

Abitibi-Price edges ahead in quarter

This announcement appears as a matter of record only.

Eurocommercial Paper Programme

CRÉDIT D'ÉQUIPEMENT DES PETITES ET MOYENNES ENTREPRISES

The undersigned has been selected

as a dealer for this programme.

Shearson Lehman Brothers International

BY BERNARD SIMON IN TORONTO

ton of price increases. Like other Canadian newsprint producers, Abings to C\$21.3m (U.S.\$15.8m) in the tibi has so far failed to impose a three months to June 30 from c\$20.7m the year earlier, including an extraordinary loss of C\$2.4m. Earnings per share slipped from 20. three months to June 30 from CS20.7m the year earlier, including an extraordinary loss of CS2.4m. Earnings per share slipped from 30 Cents to 29 cents.

Mr Bernd Koken, president and chief executive officer said negret.

chief executive officer, said newsprint shipments declined "slightly"
in the second quarter from the previous three months, when customers built up inventories in anticipa-

TRW earnings climb 9.6% as sales rise

By Our Financial Staff

TRW, THE U.S. diversified vehicle parts, electronics and industria products group, raised net earning by 9.6 per cent in the second quarter to \$75.4m, or \$2.03 a share, from \$68.8m, or \$1.84 in the same period last year. Sales were 14 per cent ahead at \$1.73bn, compared with

Six-month profits emerged at \$132m, or \$3.54, slightly up on the \$128.8m, or \$3.45, seen last time. First-half sales reached \$3.33bn, up

E. F. Hutton keeps up pace of recovery

BY CHRIS CAMERON-JONES IN NEW YORK

E.F. HUTTON, the Wall Street securities firm recently at the centre of a mail and wire fraud case, has continued its strong earnings recovery into the second quarter, swinging from a net loss of \$7.8m to a profit of \$25.1m or 94 cents a share.

For the six months the upturn was from a profit of \$5.3m or 21 to \$89.5m. Other significant gains cents, to \$49.2m or \$1.84. Revenue from entinuing operations for the centre of \$4.9 per cent to \$32m, and com-

cents, to \$49.2m or \$1.84. Revenue were made in investment banking—from continuing operations for the up 54.9 per cent to \$32m, and commalf-year, excluding E. F. Hutton missions revenue, 19 per cent high-credit, was well ahead at \$1.5bn er at \$24m.

For the whole of 1984 the firm's net earnings were down by more than half to \$52.7m, reflecting demarker.

Mr Robert Fomon, chairman and pressed market conditions in the chief executive, said it was impossification.

Sharp setback for U.S. railway group

BY PAUL TAYLOR IN NEW YORK

CONRAIL, the north-east U.S. ed final net earnings to \$154.8m or freight railway system, which is 85
per cent owned by the U.S. Government and subject to competing resulted in final net earnings of takeover proposals, suffered a 28
per cent decline in operating earnings of the economy of th

nues that fell by 5 per cent.

The railway, which Mrs Elizabeth

For the first half, Conrail, which

ings in the second quarter on reve \$836.7m in the same period last

Dole, the U.S. Transport Secretary, has also received a \$1.2bn compethas proposed selling to Norfolk ing hid from a consortium of 24 Southern for \$1.2bn, had net operating income of \$122m or \$4.43 a Stanley, the Wall Street investment share in the latest quarter, compared with \$188.9m or \$6.27 a share in the same period last year.

A \$32.8m extraordinary gain lift-share.

Profits up at Searle

G. D. SEARLE, the U.S. pharma-cents a share to \$42.2m or 95 cents, G. D. SEARLE, the U.S. pharma-ceutical group, lifted second-quarter taking six-month earnings to net earnings by 10 per cent despite lower margins on sales of Nutra-Sweet, the artificial sweetener re-Sales in the six months jumped Sweet, the artificial sweetener responsible for much of the compa-from \$603.9m to \$715.7m, and from ny's recent rapid growth.

Net profits rose from \$38.4m or 77

By William Dullforce in Geneva

ROCHE, the Swiss chemicals group, reports a 17 per cent growth in turnover to SwFr 4.7bn (\$2bn) in the first six months of the year.

The financial results had "developed in a positive manner and the group expected a "further improvement in earning power," according

Last year the Roche group, which of New Brunswick, Canada, real-ised a net profit of SwFr 380m on consolidated sales of SwFr 8.27bn.

NEW ISSUE

Roche reports 17% growth in turnover

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Saty Profile 13+ 95 SA
Westpact 13+ 98 SA
Gen Net Rail 12+ 95 SA
Cen Net Rail 12+ 95 SC
Caryster Cred 17- 95 CS
Desparation 12+ 90 CS
Gentstar Fin 17+ 90 CS
Gentstar Fin 17+ 90 CS
New Brunswick 17+ 95 CS
Lastralla Corrent 11- 95 C
New Brunswick 17+ 95 C
Ne Export Dev Corp 10 90
Export Dev Corp 12 89
Ford Motor Cred 11% 90
Ford Motor Cred 11% 90
Ford Motor Cred 11% 92
Ford Motor Cred 11% 93
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Futtra 3 99
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Mustas 3 900
Nepon Cit Co 3 200
Nepon Cit Co 3 200
Nepon Cit Co 3 29
Cot Elec Ind 3 99
Crient Lessing 5 98
Sony Corp 2 99
Talyo Vaster 3 2000
Sumitono Corp 2 99
Talyo Vaster 3 2000
Taleada Riters 3 2000
Taleada Riters 3 2000
Tolyo Sanyo Elec 3 99
Toshiba Ceramics 3 2000
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Asica 5 92
CM
Sum Realty 8 92
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15th July, 1985

Svenska Handelsbanken

US\$ 100,000,000 123/8% Notes 1989

NOTICE IS HEREBY GIVEN that pursuant to Condition 4(b) of the Notes, US\$ 2,150,000 principal amount of the Notes has been d. awn for redemption on 16th August 1985, at the redemption price of 101% of the principal amount, together with accrued interest to 16th August 1985.

The serial numbers of the Notes drawn for redemption are as follows:-

49	2155	4332	6758	9003	10876	12520	14074	16139	18004
K7	2199	4394	6780	9031	10897	12527	14100	16284 16295	18080
123	2254	4451	6799	9072	11034	12561	14115	16295	18110
240	2794	4536	6829	9121 9200	11061	12599	14189	16342	18135 -
274	2311	4541	6869	92(X)	11122	12622	14284	16382	18160
297	2489	4636	6879	9331 9439	11196	12561 12599 12622 12624	14377	16342 16382 16470	18169
349	2627	4864	6937	9439	11234	17644	14382	16501	18171
462	2633	4903	701x	9451	11272	12686 12713	14382 14534	16501 16527	18270
516	2641	4910	7099	9458	11295	12713	14631	16532	18300
532	2733	4982	7119	9163	11061 11122 11196 11234 11272 11295 11317 11323 11354 11375 11390 11452	17775	14651 14713	16532 16563	18171 18270 18300 18300 18430 18516 18567
535	2837	5(X)2	7150	9561 9564	11323	12746 12790 12802 12823 12874	14713	16363 16579 16690 16739 16751 16889 16935 16940 17004	18430
628	ייבורי	5015	7167	9564	11354	12790	14750	16690	18516
629	2840 2877	5086	7190	9569	11375	12802	14873	16739	18567
652	2910	5177	7228	9636	11390	12823	14911	16751	18618
720	2969	5212	7259	9640	11452	12874	14911 14937	16889	18618 18666 18669 18677
757	3(131)	5247	727 î	9664	11583	12915 12927 12947 12950 12953 13033	14986	16935	18669
821	TLIK	5392	7291	9710	11641	12927	14988 15040	16940	18677
835	3048 3064 3095	5403	7294	9758	11645	12947	15040	17004	18743
839	3095	5414	729n	9883	11685	12950	75117	17070	18789
856	3100	5416	7299	9891	11700	12953	15139 15189	17092	18743 18789 18861 18888 18933
862	3144	5506	7309	9930	11762	13033	15189	17111	18888
879	3191	5561	7489	9951	11773	13070	15198	17228	18933
920	7101	5565	7492	10027	11797	13161	15274	17233	19018
96()	3335	5585	7539	10129	11804	13166	15292	17244	19018 19038 19045
1059	3575	5703	76h-l	10136	11878	13176	15309	17310	19045
1162	3544	5732	7776	10027 10129 10136 10153	11898	13247	15438	17070 17092 17111 17228 17233 17244 17310 17314	19146
1163	3435 3525 3544 3557 3621	5565 5585 5703 5732 5777	7817	10192	11583 11641 11645 11685 11700 11762 11773 11797 11844 11878 11896	13166 13176 13247 13365 13425 13425 13450 13453 13473	15198 15274 15292 15309 15438 15501 15624	17328 17412	19146 19326 19388
1207	3671	5833	7852	101767	12018	13425	15624	17412	19388
1253	3676	5833 5859 5875	7958	10271 10334 10341 10376	12018 12057 12058 12060	13450	15625 15670 15678	17435 17500 17537 17575	19403 19470 19473
1264	3728	5875	7980	10334	12058	13453	15670	17500	19470
1365	3763	5992 6028	81119	[034]	12060	13473	15678	17537	19473
1441	3870	6028	₩177	10376	12142	13533	15719	17575	10.178
1528	3921	6173 6261 6318	8083	111111	17141	13371	15789	17602 17653 17714	19480 19501 19564 19695 19705
1711	41k)7	6261	8184	10476 10574 10671 10701 10716	12171	13575 13607	15805 15811 15882	17653	19501
1770	4054	6318	8210	10574	12240	13607	15811	17714	19564
1773	-4061 -4078	6413	8239	10671	12316	13640 13674	15882	17761	19695
1867	4078	6467	8328	10701	12348	13674	15923	17770	19705
1931	4132	6505	8367	10716	12363	13677	15923 15932	17782	19730
1949	4132 4135 4178 4192	6619	8448	10731 10758	12171 12240 12346 12348 12363 12375 12466 12412 12430	13727	16008	17770 17782 17792 17795 17866	19877
1954	4178	6624	8729	10758	12486	1,3765	16014 16058	17795	19866
2042	1145	606-1	8797	10804	12412	13060	16058	17866	19908
2146	4224	6677 6745	8854	10808	12430	14012	16101	17867 17901	19953
2152	4224 4272	6745	8998	10842	12483	14054	10110	17901	19866 19908 19953 19956

On the 16th August 1985, the said redemption price will become due and payable upon each Note to be redeemed. together with accrued interest from 20th February 1985 to 16th August 1985 amounting to US\$ 302.50 per US\$ 5,000 Note. On and after that date, interest on the said drawn Notes will cease to accrue.

Payment of the Notes to be redeemed will be made on or after 16th August 1985 upon presentation and surrender of the said Notes, with all coupons appertaining thereto, at the office of any of the Paying Agents mentioned

> Bankers Trust Company, London Principal Paying Agent

17th July 1985

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.



TOKYU DEPARTMENT STORE CO., LTD.

(Kabushiki Kaisha Tokyu Hyakkaten)

U.S.\$50,000,000 71/8 per cent. Guaranteed Bonds due 1990

Warrants

to subscribe for shares of common stock of Tokyu Department Store Co., Ltd.

The Bonds will be unconditionally and irrevocably guaranteed by The Mitsubishi Bank, Limited

Issue Price 100 per cent.

Nomura International Limited

Credit Suisse First Boston Limited

Al-Mal Group Berliner Handels- und Frankfurter Bank

Fuji International Finance Limited **IBJ** International Limited Merrill Lynch Capital Markets

Swiss Bank Corporation International Limited

S. G. Warburg & Co. Ltd.

Banque Paribas Capital Markets Crédit Lyonnais **Daiwa Europe Limited**

Girozentrale und Bank der österreichischen Sparkassen Kuwait International Investment Co. s.a.k.

Mitsubishi Finance International Limited Union Bank of Switzerland (Securities) Limited Yamaichi International (Europe) Limited

17th July, 1985 Reference Agent

INVESTORS IN INDUSTRY GROUP PLC. ic. in England under the Companies Acts 1949 to 1967, Reg. No. 1142930

£75,000,000 Floating Rate Notes 1994 For the three month period 15th July, 1985 to 15th October, 1985.

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 12% per cent, per annum and that the interest payable on the relevant interest ment date, 15th October, 1985, against Grupon No. 4 will be [1528.08 from Notes of £50,000 and £152.81 from Notes of £5.000 nominal.

S.G. Warburg & Co. Ltd. (Agent Bank) NEOF TRANSPORTED TO THE PROPERTY OF THE PROPER

Banca Nazionale dell' Agricoltura S.p.A. (Incorporated with limited liability in the Republic of Italy)

London Branch (Licensed Deposit Taker) U.S.\$75,000,000

Floating Rate Depositary Receipts due 1991
In accordance with the provisions of the Certificates, notice is hereby given that the Rate of Interest for the Interest Period ending on 21st anuary, 1986, has been fixed at \$1\% per annum. The Coupon Amount will be U.S.\$4,350.35 and will be payable on 21st January, 1986, against the surrender of

Manufacturers Hanover Limited

11).

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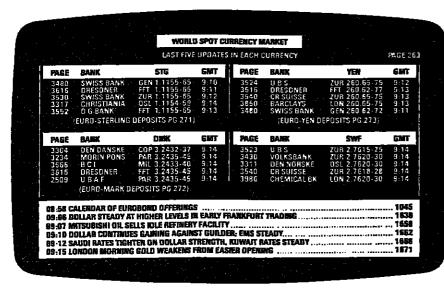
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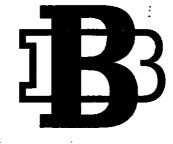
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BERLINER BANK REPORT 1984 **WELL-EQUIPPED** FOR THE FUTURE



The offering of 26% of its stock to the general public in 1984 was one of the most significant events in the history of Berliner Bank. The resulting extensive increase in capital greatly influenced the growth of our business, which rose by 12,9% to almost DM13billion.The expansion occurred in both the interbank and other loan sectors. Our branches in the Federal Republic of Germany and London have assumed an increasingly significant role in this growth.

We are now represented by 83 branches in Berlin, six full branches in the Federal Republic of Germany and a branch in London with recognised

în million DM)	1984	1983
Net Interest	328,5	307,4
Net Commissions	83,7	77,8
Operating Expenses		
(excluding Depreciation on		
Fixed Assets)	293,5	271,1
Operating Profit	118,7	114,1
Net Profit	26,1	20,7

nue) increased by DM 27,0 million. Despite increasing operating expenses, which to a great extent investments in electronic banking technology, operating profit

interest and commissions (gross reve-

arose in connection with substantial improved compared with last year.

Balance (in millio		1984	1983
	Loans to Customers	5.588	5.204
	Deposits	7.028	6.763
	Loans to Financial Institutions Liabilities to Financial	4.103	3.477
	Institutions Business Volume (Balance Sheet Total plus	3.843	2.801
	Endorsement Liabilities)	12.953	11.469

This, together with a further reduction of our need to make provisions for contingencies, resulted in a net profit of DM 26,1 million. At the General Shareholders Meeting it will be proposed to apply this net profit to the payment of a dividend of DM 6,- per qualified share.

Included in our Group Report are, among others, Berliner Bank International S.A. in Luxembourg, Allgemeine Privatkundenbank AG in Hanover, and Braunschweig-Hannoversche Hypothekenbank AG. Total Group Assets amounted to DM 25,3 billion at the end of 1984.

Upon request we would be pleased to provide you with our 1984 Annual Report,

Head Office: Hardenbergstraße 32, D-1000 Berlin 12, Telephone (030) 31 09-0

Branches in: Dusseldorf, Frankfurt, Hamburg, Hanover, Munich, Stuttgart BERLINER BANK and London.

AKTIENGESELLSCHAFT

In Luxembourg: Berliner Bank International S.A.

INTL. COMPANIES & FINANCE

Aeritalia seeks closer links with British aerospace industry

A FEW weeks ago an unusual half-page advertisement ap-peared in the Financial Times. It consisted of a long unsigned article on the history of col-laboration in aerospace be-teen Italy and Britain.

The article was really about Aeritalia, the leading Italian aerospace company, and it seemed to mark the start of a drive to build a stronger alliance with the British aero-

space industry.

Even by the standards of European aircraft makers,
Aeritalia has an unusually eclectic set of alliances with other manufacturers. It holds other manuracturers, it holds
15 per cent of the Panavia consortium with British Aerospace and MBB of West Germany which builds the Tornado strike aircraft, It has
stayed out of the airbus consortium, but it builds the ATR-42 commuter airliner in part-nership with Aerospatiale of France. It is also an important participant in civil ariliner projects with both McDonnell Douglas and Boeing of the

U.S.

"We hope to expand our liaison with the British industry, says Sig Bonifacio, a 62-year-old Neapolitan. "We are pleased with our joint projects such as the Tornado and in space satellites." Yet in one important respect

Yet in one important respect British Aerospace actually presents a major threat to Aeritalia. Britain wants the Italian navy to buy the BAe Sea Harrier vertical and short take-off (VSTOL) jet to put on its new small aircraft carrier, the Garibaldi. destined to carry helicopters. The Italian Government has yet to decide in ment has yet to decide in principle whether the navy should be allowed to create an air arm (which would require a change in the law), let alone whether to choose the Sea Harrier or its larger derivative, the AVSB, built by McDonnell

the AV8B, built by McDonnell Douglas.

But if Italy decided to buy VSTOL aircraft, Aeritalia's potential market in Italy for the land-based fighters which it builds would be reduced. The opportunities for major participation in building VSTOL accraft in Italy are not great, because of the small number initially involved (less than 20) and because of the special complexity of the design. Not and because of the special need is a kick-off buyer before complexity of the design. Not the project can go ahead" surprisingly, Aeritalia has been Aeritalia is also thinking of on the side of those Italian air collaborating with BAe on the

publicly that the navy would be better defended from land Now Sig Bonifacio says: "We will not take any initiative Aeritalia would join the Airbus consortium, to which BAe belongs. It had not joined when Airbus Industrie was formed in 1968 because the Italian governwill not take any initiative before the government makes up its mind about naval aviation, and we don't know when that will be. But Aeritalia has long been in the fighter business and has the technology and a long history of collaboration with BAe. We are the only ones qualified to examine the industrial aspects of the problem when there is a

ment was not at the time prepared to take the decision. Financial difficulties were a problem and the government was also involved with the McDonnell Douglas DC-9 and

the industrial aspects of the problem when there is a decision."

Sig Bonifacio's friendliness towards the British aircraft

DC-10 projects.

Since then Aeritalia has France, Britain, West Germany.

Since then Aeritalia has for Italy and Spain, because of the more than 1200 DC-9s and wide differences between France and the other countries on what

Might the colaboration with the U.S. on properate be widened to include another European partner, such as a British company? "It is hard to

predict the future," says Sig Bonifacio. If the European fighter aircraft (EFA) project for a new fighter for the late 1990s goes ahead, Aeritalia will lead Italy's participation. But EFA now looks unlikely to succeed as a



Acritalia is interested in helping to build the European Fighter Aircraft, shown here

industry suggests that he has building the Boeing 767, using an eye fixed both on work-sharing on the Sea Harrier, niques.

So, as the other countries constitute the Italian Government In May Aeritalia took an sider what they will do to meet buy it and on off-set arrange-ments in other fields. So far, the most important co-operation in aerospace projects on which Britain has been able to agree with Italy has been on helicopters, which involves not Aeritalia but Agusta, another tata controlled company. The state-controlled company. The two Italian groups are bitter

One deal which could bring Aeritalia and the British aero-

In May Aeritalia took an sider what they will do to meet even more decisive step away their fighter needs should Fran from Airbus when it signed an go its own way and build its meaning the transfer of the significant own aircraft it is highly signi-

Airbus has so far shown little interest in the prop-fan sive project, instead, as has engine, and is banking on its new airliner, the A-320, which uses conventional by-pass engine, and is banking on its new airliner, the A-320, which uses conventional by-pass engines, establishing itself well before properate come into service—if they do. "We are committed to projects with the U.S. industry which all compete with the products in the Airbus range," says Sig Bonifacio.

from Airbus when it signed an agreement with McDonnell own aircraft, it is highly signiDouglas to assist in developing float that Sig Renato Bonifacio, the prop-fan engine. The propfan is a new form of jet engine. a recent interview with the which uses a large propeller. Financial Times that the Panshaped like a ship's screw. He avia consortium would be is expected to be much quieter capable of building the aircraft, and more economic to operate. Whether Panavia does in than the present by-pass jet fatt-develop and build a fighter engines. Aeritalia is studying to meet the closely similar how the prop-fan might be needs of the three countries defitted to the MD-80, the enlarged and modernised version for the DC-9.

Airbus has so far shown would have to join the expencondition is that West Germany would have to join the expenthough British Aerospace says it can build a fighter on its own. But if the Panavia consortium went ahead with the project closer links between Aeritalia

and British Aerospace would

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Issue Price: 993/4 per cent.

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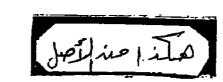
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INTL. COMPANIES & FINANCE

'Johnnies' mine costs rise steeply

BY GEORGE MILLING-STANLEY

STEEP RISES in operating followed from the increase in costs were the main feature of overall tonnage milled. Higher the quarterly reports from the South African gold mines in the Johannesburg Consolidated Investment ("Johnnies") group, as has been the case with many current reports from the

Costs at Randfontein Estates rose by 8.3 per cent in com-parison with the previous three months after the inclusion of a non-recurring charge of R1.45m (\$0.76m) relating to improved holiday pay arrange-ments for black workers, while Western Areas showed a 5.4 per cent rise after a similar charge of RI.58m.

The operating costs of both mines also reflected the impact of reductions in the amount of ore drawn from surface stockpiles, and the effects of wage increases awarded to white miners during the period

Randfontein returned inworking profits from gold mining operations, helped by the higher output which

allowable capital spending led to improved profits at the net

significantly more gold in the

GOLD MINE NET **PROFITS**

	June	Mar	Dec
	11p	qtr	atr
Randfontein	R000 77,700	R000 57,942	R000 +74 475
Western Areas		5,656	
Hrtebestiontn	36.519	31,280	127,988
Cons Murchison	12,749 3,913	12,734 2,340	11.75
Prisaka	8,711	9,785	18.869
East Transvali	6,666	3,509	15,096

latest three months, but this marginal mine has yet to see the full benefits of the increased rate of development work and

returned a lower net profit of R4.99m against the previous quarter's R5.66m.

The star performer among the mines in the Anglovaal group was undoubtedly East Transvaal

in more than compensating for ing its throughput of ore

The economies of scale this provided led to a reduction of with the result that working profits improved.

ETC was further helped at the net level by a lower tax charge following the rise in allowable capital spending, so that net profits emerged at R6.7m, against R3.9m for the previous quarter.

Working profits of Anglovaal's two other principal gold producers were lower than in the previous three months.

Hartebeestfontein suffered a
10 per cent rise in costs associated with the lower through-put caused by labour unrest during the period, put an advance in uranium revenue, coupled with lower tax because of a rise in capital spending,

The increased pace of devethe impact on operating costs of lopment work at Loraine conhigher white wages by increas- tributed to a 5.3 per cent rise in costs, so that profits from gold operations declined. Net profits were boosted by rovided led to a reduction of increases in by-product revenue and non-mining income and a lower interest charge.

The group's two base metal mines, Prieska and Consolidated Murchison, both faced difficult times.

Fluctuations in tonnage and grades of both copper and zinc are now the order of the day at Prieska, as the mine is working old areas in order to prolong its life.

Murchison maintained the level of sales of antimony concentrates, but gold revenue fell as a total of 46 kilogrammes was awaiting despatch to the period, and was accordingly not taken into account.

The latest net profits of both the Johnnies and Anglovaal mines are included in the accompanying table. ensured that net profits were

Minority Holders in Rand Leases reject sale plan

down management plans to sell the company's mining title and some assets to the neighbouring Durban Deep mine. Rand Leases terminated min-

ing operations in 1971, just before the gold price embarked on its spectacular advance towards its 1980 peak of \$850 an ounce. But although most of the mine's plant and equipment were sold in the early 1970s, the shares remained a favourite of gold price speculators.

Buyers cheerfully ignored regular amouncements from Anglovaal, the mining house which manages Rand Leases, that reopening the mine was not economically viable. This year Durban Deep offered R1.35m (\$0.71m) for Rand Leases' mineral rights—an offer which was effectively worth 37.5 cents per Rand

Recovery for

trading houses

Japanese

177

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MINORITY shareholders in Lesses share. That offer has Rand Leases, the defunct gold now been rejected largely by mine on Johannesburg's western outskirts, have turned believe that, sooner or later, the

old Rand Leases mine will be restored to production. Rand Leases management told shareholders that the Durban Deep offer was the best that could be expected and that there were no alternative plans to resume mining. For Durban Deep, the acquisition of Rand Leases' mining title would have given ready access to attractive tomages of relatively high-grade ore from Durban Deep's existing workings.

Durban Deep is nearing the end of its life based on ore reserves currently being exploited, but reportedly has plans to establish new operations in virgin ground in the south of its property. Exploita-tion of the Rand Leases' ore would have given Durban Deep's management a breathing space

Barlow Rand to merge coal mining companies

BY OUR JOHANNESBURG CORRESPONDENT

BARLOW RAND, the South African mining and industrial group, proposes to merge Wit-bank Colliery and Welgedacht Exploration, its principal Trans-vaal and Natal coal mining com-

Withank is to offer one of its

own new shares for every 10 Welgedacht shares. Transvaal Consolidated Land (TCL), the quoted Barlow Rand company which controls the group's various mining interests and which owns about 71 per cent of the directors say, more efficient both Witbank and Welgedacht, financing of their capital prohas agreed to buy any of the Witbank shares not taken up by Welgedacht shareholders at economies of scale which will R68.50 each valuing Welgedacht allow it to compete more effec-

The directors say Welgedacht faces several problems which can best be dealt with following a merger with Witbank. Welgedacht's current reserves are limited in its present mining areas and considerable capital

expenditure will be needed to relocate its operations. Its work-ing costs are high and future profits are likely to come under essure as the authorities align the controlled domestic prices of Natal and Transvaal coal. Welgedacht's coal has certain quality limitations which affect

its marketability, they add. In contrast, Witbank is a lowcost producer with extensive resources and growth potential. If it merges with Welgedacht, financing of their capital pro-grammes will be possible and Withank will be able to derive economies of scale which will shares at 6.85 and the company tively in domestic and export at R62.3m (\$32.5m).

markets.
This could mean that the plan is to merge the two companies' export allocations and to deliver export coal from a small number of large collieries rather scattered coal mines.

Singapore bid for Deak-Perera

By Carla Rapoport in Tokyo C. ITOH and Marubeni, two of Japan's leading trading houses, recorded sharp recoveries in net \$50m for Deak-Perera, the U.S. profits in their consolidated

figures for the year to March. Thanks to a turnround in the earnings of its subsidiaries and associated companies, C. Itoh reported that group net income reached Y13bn (\$54.7m) against Y4.6bn in 1983-84. Consolidated pre-tax profits were Y27.2bn, up from Y22.9bn on sales of Y14,545bn, up 8 per cent.

The company said the im-provement was due to strong performances by companies mainly in the machinery sector and the recovery of the steel and paper industries.

C. Itoh said it had terminated obligations related to the refinery operations of Toa Oil, making a lump-sum payment of Y11bn.

Our Financial Staff adds: Maruberd attributed its strong performance to favourable interest rates as well as a boost in sales. Growth was particu-larly sharp in machinery, con-struction, energy and chemicals. Net profits surged by nearly 260 per cent to Y26.21bn. At the pre-tax level earnings were ahead 94.4 per cent at Y37.21bn, achieved on a 14 per cent rise in turnover to Y13,706bn. Revenues from imports and

offshore trade increased significantly Marubeni said, and domestic sales and exports also held up well.

BY WILLIAM HALL IN NEW YORK

A GROUP of Far Eastern investors led by Mr Chan Cher Boon, a Singapore lawyer, has made a bid worth more than

money changing group

Deak and company, the parent of the group, filed for protection under Chapter 11 of the U.S. bankruptcy code last December following a run on the deposits following a run on the deposits of some of its banking subsidiaries. Since then several parties have made bids for either part or all of the Deak group, which includes Deak-Perera U.S., one of the biggest foreign bank note and metals trading companies in the U.S., and Focobank, a profitable but small Swiss bank with banking subsidiaries in Austria

banking subsidiaries in Austria and the Cayman Islands.

An original plan to sell Foco-bank to Dow Banking Corpora-tion, which was acting on behalf

of an unnamed client, fell through after objections from some of the creditors, and several other bids for the Swiss bank lapsed because the creditors could not agree on the best course of action.

The Far Eastern investor

Trough after objections from August 6. Although it has been agreed to by the debtor, lawyers close to the case believe that it will be seen as an opportunity for other potential bidders to put in rival offers.

When Deak and two of its subsidiaries filed for Chapter

understood to have filed a stock purchase agree-ment with the U.S. bankruptcy court in New York. The plan, which has been agreed with Deak but not with the creditors, involves a two-part transaction. Under the deal Focobank would be sold immediately followed by a plan of reorganisation under which the investor group would acquire all of the remaining

assets, primarily the Deak-Perera U.S. operation.

The latest offer, which follows months of behind-the-scenes wrangling, will be considered

and assets of \$62.2m. Although the organisation is not very large, the bankruptcy proceedings have become enormously complicated because there are

so many creditors involved
Focobank is regarded as being the most attractive part of
the Deak financial empire since
it holds a coveted Swiss banking licence. The Deak group was established by Mr Nicholas! Deak, a now 79-year-old Hungarian emigre, who came to the U.S. in 1939.

Jack Chia-MPH in the red

JACK CHIA-MPH, the con-sumer products group with interests in hotels and property, has fallen into the red because of downturn in Singapore's retail and hotel sectors and a foreign exchange loss in

For the year to March there was an after-tax loss of \$10.7m (U.S.\$4.85m) against a S\$5.24m profit in the previous year and extraordinary items pushed the loss to S\$11.44m.

Group turnover rose 8 per cent to \$\$84.5m and trading profits stayed just positive at \$\$3.4m gain as a result of currency shifts.

\$\$1.5m, but the hotel division chewing but the hotel division the profits are the profits at the hotel division. showed a loss of close to S\$1m

division will continue to operate and the books and publications division a loss of \$\$1.7m. Both operations were previously profitable.

The group also suffered a foreign exchange loss of \$\$3.3m because of the weakening of the Australian dollar against the Singapore currency.

Idivision will continue to operate at a loss, but the books and turn round following cost-cutting measures. The group will also benefit in the current year from the injection of Mr Jack Chia's half share in the lucrative Tiger Balm and Kwan I oong businesses.

July 11, 1985

Gintel & Co.

has sold its corporate bond brokerage operation to a wholly-owned subsidiary of

Mills & Allen International P.L.C.

The undersigned initiated this transaction and acted as financial advisor to Gintel & Co.

Salomon Brothers Inc

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Mar 84 Y 578 4,70 1,61 3,13

Revenues (bn)
Pré-tax profits (bn)
Net profits (bn)
Net per share
CONSOLIDATED

Mar '85 Mar '84 Y 544 531 51.98 52.76 22.24 24.48 28.83 31.92 F80 27.85 14.10 18.18 Revenues (bn)
Pre-tex profits (bn)
Net profits (bn)
Net per share
CONSOLIDATED

This announcement complies with the requirements of the Council of The Stock Exchange in London. It does not constitute an offer of, or invitation to the public to subscribe for or to purchase any securities.



THE TORONTO-DOMINION BANK

(a Canadian chartered bank)

N.Z. \$60,000,000

16%% Deposit Notes due August 7, 1988

The following have agreed to subscribe or procure subscribers for the Notes:

Goldman Sachs International Corp.

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Application has been made for the Notes. In bearer form in the denominations of N.Z. \$1,000 and N.Z. \$5,000 each constituting the above issue to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary global Note. The Notes will be issued at par. Interest will be payable annually in arrears on August 7 each year, the first payment being made on August 7, 1986.

Listing Particulars are available in the statistical services of Extel Statistical Services Limited. Copies of the Listing Particulars may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) from the Company Announcements Office of the Quotations Department of The Stock Exchange, Throgmorion Street, London EC2, up to and including July 19, 1985 and during usual business hours on any weekday (Saturdays and public holidays excepted) at the addresses shown below up to and including July 31, 1985:

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Wood Gundy Inc.

F. W. Holst & Co.

Julu 17, 1985

This announcement appears as a matter of record only



DAEWOO CORPORATION

(Incorporated in the Republic of Korea under the commercial code)

U.S.\$35,000,000

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Arranged by

Merrill Lynch Capital Markets

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Principal Placing Agent Merrill Lynch Capital Markets

July, 1985

U.S. \$50,000,000

Banque Française Du Commerce Exterieur

Floating Rate Notes due 1991

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 17th July, 1985 to 17th January, 1986 the Notes will carry an Interest Rate of 8.325% per annum. The interest amount payable on the relevant Interest Payment Date which will be 17th January, 1986 is U.S. \$212,750.00 for each Note of U.S. \$5,000,000.

Credit Suisse First Boston Limited Agent Bank

NOTICE OF PREPAYMENT THE MITSUBISHI TRUST AND BANKING CORPORATION

THE MITSUBISHI TRUST AND BANKING CORPORATION
U.S.\$25,000,000

Hoating Rate Certificates of Deposit Issued 18th August, 1983
Maturity 21st August, 1986 — Callable August, 1985
Nodce is hereby given in accordance with Clause 3 of the Certificate of Deposit ("the Certificates") that the Mitsubishi Trust and Banking Corporation will prepay all of the outstanding Certificates on 21st August, 1985 at their principal amount. Payment of the principal amount, together with accrued interest, will be made on the prepayment date against presentation and surrender of the Certificates at the London Office of The Mitsubishi Trust and Banking Corporation, 8-13 King William Street, London. Trust and Banking Corporation, 8-13 King William Street, London, EC4N 7BQ.

Interest will cease to accrue on the Certificates on the prepayment

Manufacturers Hanover Limited Agent Bank 17th July, 1985

HAT progresses to £11.48m

He does not expect turnover to grow as rapidly as in the past year but believes the group should be able to improve its margins.

Sidiary of HAT. The joint venture will be owned 49 per cent by a wholly-owned subsidiary of HAT and 51 per cent by Pershing, a wholly-owned subsidiary of Turnover for the year under

Turnover for the year under review, to February 28, 1985 improved from £185.4m to £231.59m—the group supplies specialist services and materials to industry, public and local authorities, and the general note dir The dividend total is being raised from 3.3p to 3.7p net per 10p share from earnings of 10.4p (9.3p)—the final dividend is 1.9p,

Rbt. Fleming

improves

to £18.53m

Cavendish.

The joint venture company will be subject to a \$22m non recourse mortgage. USPT, through Pershing, will be paying \$11.2m in cash and promissory note direct to HAT. The reuslt of this sale will be to reduce HAT's borrowings by some \$29m and HAT will retain an investment of \$10.8m in the joint venture together with the promissory note.

The property which was com-

(9.36)—the final dividend is 1.96, appropriate the profile of the

FURTHER progress over the second six months enabled the HAT Group and Cavendish Holdings, a wholly-owned for the full 1984-85 year.
Furthermore, current trading is satisfactory and Mr David Telling, the chairman, feels sure the results for the coming year will show a further improvement.

He does not expect turnover to grow as rapidly as in the second six months enabled the Gavendish Holdings, a wholly-owned subsidiary of United States Property Trust (USFT), have agreed in principle to form a U.S.-based joint venture to acquire the property known as Three555 Timmons Lane, which is currently wholly-owned by a U.S. subsidiary of HAT.

The joint venture will be continuing investment in the owned 49 per cent by a wholly-orded to discontinue activities in U.S. property development and have provided £3.4m in the accounts for the year under review for acquire the property and wholly-owned by a U.S. subsidiary of HAT.

The joint venture will be continuing investment in the owned 49 per cent by a wholly-

discontinue activities in U.S. I property development and have provided £3.4m in the accounts for the year under review for anticipated costs to the group. These relats to tenant easement costs, funding prior to the formation of the joint venture and a provision for the unrecovered financial costs relating to the continuing investment in the property.

This provision is somewhat relieved by a gain of some £3.7m in the reserves on the strengthening of the dollar since the group invested in the U.S.

Group pre-tax profits for the half year to end-August, 1984 rose from £3.8m to £4.33m on a turnover £11.25m ahead at £91.75m. In his interim report Mr Telling said the future continued to look encouraging and that further progress would be made.

Comment

The Houston tower block has been plucked like a magician's rabbit out of the HAT balance sheet. Sold to a joint venture (in which the group will have a 49 per cent stake) the building went for \$44m, more or less its book value. The £3.4m extra-ordinary item includes provithe tower (in these figures

Domino Printing diversifying

Robert Fleming Holdings returned profits of £18.53m, against £15.5m, in the year to March 31, 1985 after tax and in continuous jet printers for industrial applications.

Agreement has been reached

transfer to inner reserves. A final dividend of 30p lifts the total from 40p to 45p. The directors say in the wholly owned subsidiaries in the UK the level of business achieved was first class in all the main areas. They add that staff numbers are up, both to meet the continuing growth of activity and also to achieve future expansion in new and existing types of business.

The company increased expen-

The company increased expenditure on overseas representa-tion, opening new offices in Frankfurt and Bahrain.

Of the UK subsidiaries which are independently managed, Save & Prosper had another good year, and Robert Fleming Insurance Brokers made excel

Looking ahead, the directors plan to move to the new office at the end of 1985 and they will continue with the development of broking and dealing in inter-national and UK securities. Costs mational and UK securities. Costs will increase further, but so far in the current year activity is at a high level and, if this continues, the results should again be satisfactory.

A MOVE into the field of large sold compared with 77 per cent character printers is being made for the previous year. There has by Domino Printing Sciences, been a particularly strong perwhich is Europe's market leader formance in Germany, he says, to figures pointing the way

with Cyklop International Emil Hoffman of West Germany to acquire patents, design details and technical information related printers

Cylop has agreed not to manufacture or sell comparable products for five years and Domino will transfer manufacture of the printers to its Cambridge premises.

Domino, which will be paying £303,000 cash for the deal, has ben investigating ways of enter-ing this market for marking and

date-coding cartons and outer packagaing, particularly in the food and drink industry.

The deal accompanied Domino's interim results showing an increase in taxable profits from £710,032 to £1.21m on turnover ahead at £4.79m, against £2.99m.

The results are the first since the company obtained a full listing in April through an offer for sale of 5.5m shares which was heavily oversubscribed. Mr Graeme Monto, the chairman, says that exports over the six months to end-April 1985, increased to 83 per cent of units Yesterday's 6p fall to 257p, the example.

systems.

As stated in the prospectus, no interim dividend will be paid for the interim period. The directors hope to recommend a final dividend of 1p per share.

While the pattern of trading in 1983/84 reflected product introductions and benefits flowing from the agreement with ing from the agreement with American Technologies, the growth of the group in 1984/85 will be reflected in a more even

to figures pointing the way towards £2.6m to £2.7m for the year and news of what could eventually be an important acquisition. On the trading front everything is apparently looking good, with sales in Europe, Far East and the UK progressing well, while American Tech-nologies has successfully started manufacturing under licence and the U.S. is shaping up well, too. If anything, Domino looks a better proposition today than it did when the City enthusiastically embraced the offer three months ago and the unease in the price is more a reflection of general market attitudes rather than a comment on the com-

been a particularly strong per-formance in Germany, he says, where recent comparative trials by a major cosmetics firm resulted in Domino equipment again being established as first choice for product coding.

The new Elan System for numbering and addressing was launched at "Print 85" in Chicago in April and considerable interest has been expressed by original squipment manufac-turers wishing to incorporate

this equipment into larger

will be reflected in a more even split of profits between the two halves, says the chairman.

The group's position remains strong in all its major markets and the directors are confident that further satisfactory progress should be reflected in the results for the year as a whole.

general market attitudes rather than a comment on the company's prospects. And in this market a prospective p/e of 19 is probably high enough even if solid growth prospects remain untarnished. The Cyklop purchase underlines those prospects. Its technology is simpler than Domino's but it fits in well and, while the influence on this year's profits will be minimal, within three years it could account for a third of the business. Further acquisitions will come to strengthen the product range and create vertical diversification—increasing distribution, for example.

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Korea Exchange Bank

(Incorporated in the Republic of Korea under the Korea Exchange Bank Act of 1966, as amended)

U.S.\$ 150,000,000

Floating Rate Notes due 1995

The following have agreed to subscribe or procure subscribers for the Notes:

BOT International (H.K.) Limited Chase Manhattan Asia Limited Chemical Bank International Limited First Chicago Asia Merchant Bank Limited

Australia-Japan International Finance Limited

Chuo Trust Asia Limited Dai-Ichi Kangyo Finance (Hong Kong) Limited Dresdner (South East Asia) Limited **IBJ** Asia Limited Kyowa Finance (Hong Kong) Limited

LTCB Asia Limited Mitsui Finance Asia Limited National Australia Finance (Asia) Limited **Orion Royal Pacific Limited** Schroders Asia Limited

Banque Internationale à Luxembourg BIL (Asia) Ltd.

Commerzbank Aktiengesellschaft Daiwa Overseas Finance Limited Fuji International Finance (HK) Limited Indosuez Asia (Singapore) Limited Lloyds Bank International Limited Mitsubishi Finance (Hong Kong) Limited **Morgan Stanley International** Nomura International Limited Sanwa International Finance Limited Swiss Bank Corporation International Limited

Application has been made for the Notes, in bearer form in the denominations of U.S.\$ 10,000 or U.S.\$ 250,000 each, constituting the above issue to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary global Note.

Interest will be payable semi-annually in arrears in January and July, the first payment being made in January 1986. Listing Particulars are available in the Extel Statistical Services Limited. Copies of the Listing Particulars may be obtained in the form of an Extel Card during normal business hours on any weekday (Saturdays and Public Holidays excepted) from the Company Announcements Office of the Quotations Department of The Stock Exchange, Throgmorton Street, London EC2, up to and including 19th July, 1985 or during normal business hours on any weekday (Saturdays and Public Holidays excepted) at the addresses shown below up to and including 31st July,

> The Chase Manhattan Bank, N.A., Woolgate House, Coleman Street, London EC2P 2HD

Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN

17th July, 1985

hit by switch in demand

Multitone

A SLUMP in full year profits from £1.36m to £515,000 pre-tax was yesterday reported by Multitone Electronics, the communication systems designer and manufacturer.
While sales of on-site
paging systems and equipment were well ahead, both

at home and overseas. sales in the wide-area paging sector were less than expected. This was mainly due, the directors state, to a sharp and sudden shift in demand in North America from tonenorth America from tone-only pagers to pagers with a 20 digit numerical display, a product which Multitone expects to have in production later this year.

The shortage of develop-ment engineers from which Multitage suffered with

Multitone suffered until it completed the design and engineering centre in Basingstoke delayed several planned products. However, as a result of the expansion of R and D effort the number of products now in various stages of development is larger than at any other time. Despite the setback, Mr L. H. Karten, chairman and chief executive, expects new products to benefit sales and profitability from the second half of 1985-86 and to have an increasing impact in

subsequent years.
The timing of product launches will accentuate the normal seasonal imbalance between the two halves this year, adversely affecting the opening six months, although the board hopes that the year will mark the beginning of

the process of recovery to earlier patterns of growth.

Turnover for the year to end-March 1985 was, as expected, virtually static at £20.36m (£20.61m) and trading profits declined from £1.74m to £710,000.

Although earnings per share fell sharply to 1.8p (5.7p) the directors, reflecting their belief that dividend cover will be satisfactorily restored, are recommending a higher final payment of 1.68p —this lifts the total from 2.65p to 2.78p. comment

There is almost an element of desperation in Multitone Electronics' decision to increase its dividend, despite a well-signalled profits collapse. Presumably, the directors are only too aware that at 43p, down 5p, the shares need all the support they can get from a 9 per cent yield. It is all a far cry from the high hopes of 1982, when the company was floated at a striking price of 142p. Multitone has had more than its fair share of accidents -- delays in component supplies on previous exchange losses. But the core of its difficulties seems to have been the shortage of research and development engineers in London which forced the company to move its R&D centre to Basingstoke. The group has still not got over the disruption this eaused to product development programmes, delaying for example the launch of the display pagers in the U.S., which hit North American sales badly. These problems can only have helped the competition, which includes some very large electronics groups — Motorola in the U.S., Ericsson in Europe. There must be some doubt whether Multitone, despite its techno-logical strengths, can make up

Lowland £1m debenture stock placing

Lowland Investment Comby Henderson Administration, yesterday placed £1m of debenture stock 2010 at £99.026 per cent The new stock froms a single series with the £2m of debenture stock placed in December. It bears a 11½ per cent annual interest rate, pay able on January 1 and July L The company will invest the funds to help achieve its aims of increasing income and capital value in a diversified portfolio of holdings.

Yearlings fall The interest rate for this week's issue of local authority bonds is 11% per cent, down A of a percentage point from last week, and compares with 111 per cent a year ago. The bonds are issued at par and are redeemable on July 23

> The Royal Bank of Scotland pic U.S.\$75,000,000 Floating Rate Capital Notes due 1986 to 1994

16th July, 1985 to 16th Ocrober, 1985, the Notes will bear an interest rate of 81/6% per annum. Interest payable on 16th October, 1985.

Howden tops £11m and in healthy liquid position

are looking for further progress in the current year.

Meanwhile, they are lifting the final dividend to 2.48p giving shareholders a total of 3.26p (2.8p) per 25p share. Earnings emerged 2.5p higher at 12.2p.

Turnover for the year, to April 30 1985, advanced from \$1.59.02m to \$1.84.97m\$—Howden, based in Glasgow, is an industrial holding company with interests in engineering. It is also a specialist manufacturer of air, gas and fluid handling equipment.

Tax accounted for \$2.78m

art, gas and mind handling equipment.

Tax accounted for £2.75m (£3.17m) and minorities for £1.32m (£1.04m). This left net profits at £7.31m, compared with a previous £5.85m.

Available earnings came through £1.28m ahead at £6.32m after deducting extraordinary debits of £987,000, against £608,000.

The directors say liquidity remained healthy even after taking account of capital expenditure of £5.3m during the year and acquisition costs of £2.1m. Cash at year-end was well in excess of short-term horrowings.

in excess of short-term borrowings.

James Howden & Co, Glasgow,
made a substantial contribution
to group profits, again a significant portion of the company's
output was for overseas markets.

The directors say manufacture
of the gas circulators for Heysham 11 and Torness AGR power
stations continued satisfactorily
and remains on schedule. Contracts received during the year

and remains on schedule. Contracts received during the year included fans for Kwangyang steel works in South Korea and Makkab-Taif power stations in Saudi Arabia.

The results of Howden Engineering continued to be affected by the low activity in the market for inert gas systems for tankers. Howden Oil Engineering obtained orders for three phase separators for the Brae "B" and Ula fields in the North Sea and for a floating Brae "B" and Ula fields in the North Sea and for a floating production platform for Nigeria.

James Howden South Africa returned another solid performance. Contracts received during the year included main ventilation fans for St Helena gold mine and Premier diamond mine, and

WITH A further improvement of £1m in the second six months the Howden Group finished the 1984-85 year with pre-tax profits £1.3m ahead at £11.37m.

And with a sound base of technology and resources, a strong order book and a healthy liquidity position the directors are looking for further progress in the current year.

Meanwhile, they are lifting the final dividend to 2.46p giving shareholders a total of 3.36p (2.8p) per 25p share. Earnings emerged 2.5p higher at 12.2p.

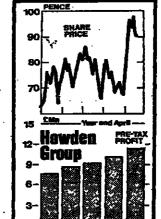
Turnover for the year, to April 30 1985, advanced from £159.02m to £184.97m—Howden, based in Glasgow, is an industrial holding company with interests in engineering. It is also a specialist manufacturer of air, gas and fluid handling equipment.

axial and centrifugal fans for Majuba power station.

Howden Compressors, Glassow, had a disappointing year due to a low order intake in the earlier part of the year. Bookings for further progress in the unit anticipated in the current year.

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depressed refrigeration com-pressor market in the U.S. The refrigeration contracting com-panies had a mixed year. panies had a mixed year.

As anticipated, Airscrew Howden, Weybridge, improved its performance and the results achieved by all three operating divisions were in line with expectations. The air control division order into include anging the property of the property of the property included anging the property in the proper sion order intake included engine cooling packs for the Challenger cooling packs for the Challenger tank and air and gas filtration packs for the Ministry of Defence. The industrial division had a good year and revieced a number of orders for ventilation fans for North Sea offshore oil platforms.

1981 82 83 84 85

markets.

Brown Boverl Rowden,
Toronto, made a good contribution to group profits. Heatex
Howden, Toronto, had another
difficult year due to the depressed market for off-road and
transport vehicle radiators.

comment Another good performance from Howden Group—the results were about £1m ahead of forecasts shout £4m ahead or torecasts—
saw the shares rise \$\frac{3}{2}\text{p}\$ to \$\frac{4}{2}\text{o}\$
while the market overall was
slipping. The group remains
cash rich with a net £14m to
hand after the £7.4m spent on
new plant and acquisitions. Net interest earnings provided a solid £3m (£2\m last time) and the tax rate was down as accumu-lated ACT liabilities were brought into play. Only one division made a loss—Howden Compressors, where the prospects for the transit bus compressor now looks uncertain. The only other negative factor was the below the line film costs for the below the line £Im costs for the closure of two subsidiaries—the minorities payment, almost all of which goes to Brown Boveri, is on a rising scale depending on profits at the Canadian joint-venture and could well exceed the Swiss company's 49 per cent stake. Still on the look out for a medium-sized (£15m or so) acquisition, the group seems medium-sized (£15m or so) acquisition, the group seems likely to turn in pre-tax profits of £12.2m for the present year, say analysts. A stronger pound could shave something off this aithough in these results the currency effect was minimal. Short of new thinking at head office, steady growth seems office, steady growth seems assured but the shares are now quite close to being fully valued.

Laporte in £5.8m U.S. expansion

Chemicals group Laporte is buying Mineral Research and Development Corp. of the U.S., a manufacturer of chemicals for timber treatment, for \$8.1m (£5.8m). The acquisition is the third made by Laporte in the U.S. this year.

Together with Chemical Toget

ago, Mineral Research is claimed to make Laporte one of the biggest U.S. manufacturers the biggest U.S. manufacturers of timber treatment chemicals, behind Kopper and Osmose, "We are now very close to number two," Laporte said.

Laporte managing director, Mr Ken Minton said the companies fitted together well in marketing strategy. Both are based in the south east of the U.S. (Chemical Specialities in Georgia, Mineral Research in North Carolina), but have pursued different expansion strategies—Chemical Specialities

turnover from the Interox group's U.S. operations, U.S. sales will now be in the region of \$100m (£72m), between 15 and 20 per cent of the group total_

Laporte's U.S. operations now cover a wide area, from water treatment to electronic chemicals. The group divides its activities into eight areas, sk of which, Mr Minton said, were now represented in the U.S. The two areas not so far included are fine organic intermediates and adsorbents.

DIVIDENDS ANNOUNCED

	٠.	Date	Corre-	Total	Total
	Current	of a	ponding	for	last
	ayment	payment	div.	year	year
Aarouite Group : int.	1.4	Sept 5	1.4		2.8
D. F. Bevan	1	Oct 3	0.75	1.25	1
Brunning Group	2.8	Sept 16	2.8	4.9	4.73
Denmans Electrical: int.	1.25	Aug 5	1.25	2.0	
		Aug 3			3.5
Robert Fleming				45	. 40
HAT Group	1.9	Oct 2	1.65	3.7	3.3
Howden Group	2.46	· — ·	2	3.36	2.8
Isls Group§	5.5	_	_	_	
Lanes and London int.	2	July 29			3.13
Multitone	1.68		1.6	2.78	2.65
Normans Group		_			
	0.9		0.75	1.8	1.55
Reed Executive	2	Oct 14	0.5	3	1.6
RKT	5.5		8	16.51	11 "
Stroud Riley	1.5	Sept 13	1.5	2.25	2.25
Vantage int.	0.4	~- <u></u>	0.35		1.4
Dividends shown pence pe		ot except		مواسحور	
* Equivalent after all					
בייים ווידוב ווידו אווידו אווידו אווידו	Owing 10	r scrib iss	TE TOT C	aprest 1	mineste

by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. § For 18 months. || For 15 months.

Chrysalis offer gets poor reception

The Chrysalis Group offer for sale has been greeted with a poor reception in the City, and 94 per cent of the issue has been left with the underwriters. Only 241,000 of the 4.3m shares on offer by Samuel Montagu at 200p each attracted applications, which were worth £82,000, against a value of the issue of against a value of the issue of

18.6m. The offer price was agreed a month ago when details were finalised for a merger between Chrysalis and Management Agency and Music. The new company, which has been renamed Chrysalis Group, is the only publicly quoted UK record company. At the offer price it is capitalised at \$52m.

First half premium rise for L & M

London and Manchester Group reports a near 15 per cent rise reports a near 15 per cent rise in new life and pension annual premiums, from £11.24m to £12.87m, over the first half of this year, with a near 50 per cent increase in single premiums from £19.25m to £28.18m over the period.

the period.

The group's pension division had a successful half-year with net new annual premiums rising by 37 per cent to £15m with strong growth from the Combined Plan, a combination of money purchase and final salary type pension scheme. In the Life Broker division, the pre-Budget pensions boom resulted in a near 30 per cept rise in new annual premiums from £4.1m to £5.2m. Continued success in marketing of unit-linked bonds and limited sales of guaranteed income bonds saw single premiums up 40 per cent to £15.6m.



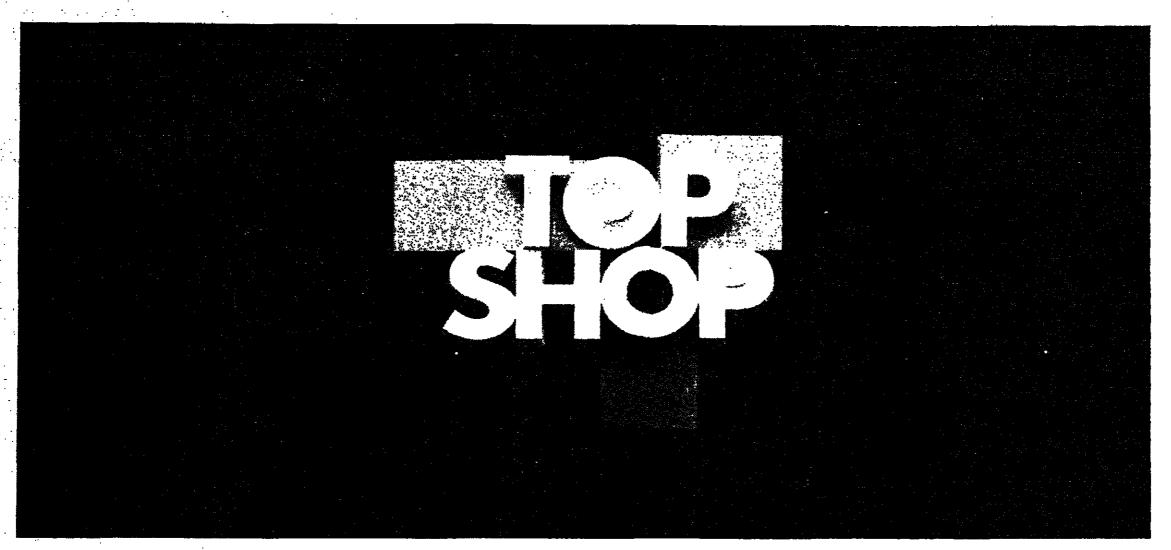
The attraction is magnetic Expanding or relocating your business? For some forceful arguments contact Mike West, Bristol's Director of

Kingdom of Sweden U.S. \$150,000,000 Floating Rate For the six months loth July, 1985 to 16th January, 1986 the Notes will carry an interest rate of 8% of the per annum with a Coupon Amount of U.S.\$10621.53 Bankers Trost Company, Fiscal Agent

Granville & Co. Limited Member of The National Association of Security Dealers and Investment Managers

Lovat Lane London EC3R 8DT Telephone 01-621 1212 **Over-the-Counter Market**

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There is no better advertisement for our retailing flair.



There is no better advertisement for Debenhams lack of it.

The battle for the hearts and minds of Debenhams shareholders cannot simply be fought with arid pieces of paper.

The sharp end is on the sales floor.

As a shareholder, visit any Debenhams store and see where your money is being put to work.

And ask yourself just how hard it is working.

Do you see a store full of fresh ideas, innovative design, and sheer retailing flair?

Or is it a sprawling pot-pourri of departments more akin to "Are you being served"?

Then take a trip to a Top Shop.

It's welcoming. It's bright. It's lively.

And it's a testament to the ability of Ralph Halpern and his team to precisely target the market for the benefit of their shareholders.

At a glance you'll see why the Burton Group's retailing profits are way in excess of anything ever achieved by Debenhams current management.

At a glance you'll know why it's in your interests to accept the Burton offer.

With Halpern and Conran there will be life after Debenhams.

Stroud Riley declines to £0.6m as sales rise

DESPITE a good order book throughout the year, and an increase in turnover from £15.2m to £16.11m, the pre-tax result of £630,000 against a previous £916,000 was extremely disappointing, the directors of Stroud Rilley Drummond state.

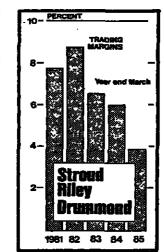
For the year to March 31 1985 they are holding the dividend payment at 2.25p net, with a same again 1.5p final proposed. Stated earnings for this Bradford-based worsted suitings and knitted fabrics manufacturer are shown down from 10.36p to 5.19p knitted fabrics manufacturer are shown down from 10.36p to 5.19p net per share, and on a nil basis down from 11.25p to to 6.27p.

Second half profits fell from £411,000 to £219,000 although turnover was ahead at £8.66m (£7.44m). The directors say that 1984-85 was a year of transition and the reorganisations implemented are designed to improve the profitability of all divisions of the business.

The current year has started well and the board is confident that the changes made will be beneficial for employees and shareholders in the future.

The remedial action which the board felt necessary to take during the year included strengthening the management.

The group's trading profit f175,000 (£398,000).



emerged down at £1.06m (£1.18m). From this, interest took a higher £434,000 (£263,000). The tax charge rose from £172,000 to £251,000, leaving net profits almost halved at £379,000 (£744,000).

£400m recovery over two years

ear, 1984-85, by Sir Robert Haslam,

£180 million effect of the NUM strike.

British Steel would have announced an

· Without that NUM-imposed injury,

That would have been £104 million

and troubled years in BSC's history. It also

represented a total improvement of more

Exceptional costs of £264 million

Steel's share in the long-term debt of a

included £103 million for buying out British

better than the objective set British Steel by

the Government - in one of the most difficult strike.

than £400 million in British Steel's operating North America.

Chairman of British Steel:

but before exceptional costs).

results over the last two years.

Net assets employed at year end

...A HEADLINE WHICH

MEANS BRITISH STEEL

IS MEETING ITS DEADLINES.

Highlights from the review of the past Canadian iron ore facility, thereby

British Steel achieved its best operating rationalisation, works closures and

operating profit of £40 million (after interest, be repeated in the foreseeable future.

Stroud Riley could blame poor profits in 1983-84 on the fire at one of its major suppliers, and explain the dip at the interim stage last year in terms of rising raw material costs. But excuses for the disappointing second half are thin on the ground, and the company has more or less admitted that most of the latest problems are of its own making. It says that it has now made sweeping management changes. It says that it has now made sweeping management changes, shifted the emhpasis in the knitting division, which made losses of £100,000 last year. from printed polyesters to fabric for sport and leisure clothes, and hopes that this division will start making money this year. Meanwhile the order book for worsted fabrics is full once again, and this time the quality of the orders is apparently better, containing plain work on longer runs which is more profitable. Gearing at 75 per cent is uncomfortably high, and it is difficult to see how this can be reduced in the immediate future. Investors may want to wait to see Investors may want to wait to see some evidence of the changes working before buying the shares which at 42p are on an earnings multiple of about 8.

Aaronite £0.3m in the red halfway and faces poor year

This Hull-based group saw its

This Hull-based group saw its turnover dive from £3.12m to £2.41m in the first half, and Mr Graham Nielson, the chairman, says that although the outlook for the medium- and long-term future is promising, these disappointing results meant that a poor year as a whole must be poor year as a whole must be faced.

However, he says, the group is nowever, he says, the group is extremely well placed to capitalise on the high level of inquiries now coming from the North Sea and other geographical areas in which it operates.

Despite the results, the directors are maintaining interim dividend at 1.4p net. Last year a total of 2.8p was paid on profits of £701,000. There was a loss per 25p share of 5.7p this time against earnings of 4.2p,

DUE PRINCIPALLY to a shortage of offshore related work in
the six months to end-April 1985,
turnover at Aaronite Group,
supplier and contractor of fire
protection and insulating equipment, fell by 23 per cent, and
losse of £298,000 were incurred,
against profits last time of
£347,000.

This Hull-based group saw its

and the group's shares, which
are traded on the USM fell 13p
yesterday to close at 80p.
Mr Nellson, who warned shareholders in his annual statement
that activity had fallen, says that
contracting is traditionally
cyclical, but the directors are
confident that 1986 will show the
rewards expected from the
development and expansion of
the group's

development and expansion of the group.

For this half, he says that although a considerable quantity of construction industry work was carried out, the Billingsgate contract made a loss, and the return from others is not yet adequate, but is gradually improving.

The awaited new offshore plat-form starts in April have resulted in the group securing some large orders, which begin in August and will run well into 1986. The order book currently stands at over £3.6m, compared with £5 5m at the same time last

London & Continental £2.8m poster purchase

London and Continental attracted the heaviest poster spend.

Advertising Holdings, which last year bought one of Britain's leading outdoor advertising contractors. is expanding further in this field with the acquisition of the Paddington Poster Group for \$120,000 on turnover of \$120,000 in the year.

The Paddington Group, which consists of H. E. Orme Ltd and G. F. Kruse Ltd, has over 2,000 advertising sites in north-west London, where it says it has a

London and Continental bought
London & Provincial Posters
from Reed International for
almost £18m in June last year,
in a deal which thansformed the
much much smaller London and
Continental into one of the UK's two largest poster advertising companies.

The company said its latest acquisition would increase its marketing position in the ondon area. which consistently

Paddington has net tangible asset; of about £500,000, mainly in cash and property investments. It made pre-tax profits of £180,000 on turnover of £1,210,000 in the year to December 31. London and Continental expects that in a full year Faddington will contribute £350,000 to its trading profits 1350,000 to its trading profits.

London and Continental is paying £244,300 in cash and the remainder through a vendor placin; of 1.97m new ordinary

placin; of 1.97m new ordinary shares.

London and Continental, which reported pre-tax profits last year of £1.62m on turnover of £16.43m, said trading to date was well up to expectations and the board expected to continue to increase dividends substantially. The integration and rationalisation of London & Provincial had progressed very satisfactorily, it added.

Invent forecasts upsurge BY LUCY KELLAWAY

Invent Energy, the largest oil company on the USM, yesterday forecast that profits for the year to May 31, 1985 would be at least £8.5m, compared to £2.1m in the first six months and a loss of £1.4m made in 1983/84. The shares rose by £1.25 to £11.50, close to their high point for the year.

Speaking at an analysts' meet-

Mr D. Beevers said that the increase in profits was mainly a result of increased production in the Paris Basin by the French subsidiary Triton France, but that a full year's gas sales from the Netheriands had also helped. With Triton continuing to develop, Mr Beevers said he expects Invent to show a further advance this year.

The Villeperdue field in France, in which Triton and Total Exploration each own

Invent Energy, the largest oil company on the USM, yesterday forecast that profits for the year to May 31, 1985 would be at least £8.5m, compared to £2.1m in the first six months and a loss of £1.4m made in 1983/84. The shares rose by £1.25 to £11.50, close to their high point for the year.

Speaking at an analysts' meeting in London, the chairman, Mr D. Beevers said that the increase in profits was mainly a specific company says that the actual reserves consequently could be twice the estimate, and that initial drilling has proved promising.

Production from Villeperdue is currently running at 5,600 bpd; Triton and Total plan to start work on a £7m tunnel linking the field with the Nangis refinery.

Triton's total production is now above 8,000 bpd (in which Tritons own share is 50 per cent), and the company expects this to have almost doubled to 15,000 by May 1986.

EuroFerries rights spurned

The majority of shareholders in European Ferrles have failed to back the company's £71.6m rights issue of convertible preference shares, launched to help pay for new ships and port facilities. The issue, underwritten by merchant bank S G Warburg, has clearly been affected by the fall in stock market prices in recent weeks. Yesterday, European Ferries' shares closed down 1p at 117p, against a price of 142p before the issue was announced on May 29.

Just 30.4 per cent of the issue has been taken up. But this figure includes stock bought by the company's two Canadian directors, Mr John Dick and Mr William Pauls, who together have a 20.9 per cent stake in the group. Remaining shareholders took up just 12 per cent of their entitlement.

Debenhams

House of Fraser, the stores group, has increased to 10.39 per cent its stake in Debenhams, its High Street rival which is facing a takeover bid from Burton, backed by Habitat-Mothercare.

Rurton meanwhile is expected.

Mothercare.

Burton, meanwhile, is expected to announce shortly whether it will be raising its offer, which remains well below Debenhams' current share price.

Burton's shares and cash offer, adjusted for a one-for-five Debenhams scrip issue which came into effect this week, was last night worth 279p a share. That compares with Debenhams closing price last night of 329p, up 2p on the day.

MAY & HASSELL-In yester day's comment on the company's results the latest capital gearing figure should have read as 117 per cent and not 177 per

Wootton

In a first step towards eventual public flotation, Wootton Jeffreys, a privately-owned computer soft-ware, consultancy and distribu-tion company, is raising £1.4m from institutional investors.

> LADBROKE INDEX 928-932 (-12) Based on FT Index Tel: 01-427 4411

F.T.-ACTUARIES SHARE INDICES QUARTERLY VALUATION

The market capitalisations of th groups and sub-sections of the FT-Actuaries indices as at June 28, 1985 are expressed below in millions of pounds and as a percentage of the All-Share Index. Similar figures are also provided for the two preceding quarters.

EQUITY GROUPS & SUB-SECTIONS	Market capitalisation as at	of all	Market capitalisation as at Mar. 29, 1965	of all	Market capitalisation as at Dec 31, 1984	g of all
(Figures in parentheses denote number of stocks)	June 28, 1985 (£m.)	share index		index	(£m.)	index
1 ,CAPITAL GOODS GROUP (208)	52,284,6	16.26	35,068,3	17.88	35,673.0	18,46
2 .Building Materials (23)	4,890.1	2.45	4,995.8	2,46	5,072.1 2,548,2	1.23
5 Contracting, Construction (29)	2,575.9	1,20		1.09	1,279.0	0.66
4 :Electricals (14)	1,119.5	0.56		5.95	13,890.4	7.10
5 Electronics (57)	9,548.4	4.81	12,094,2 : 6.031,2	2.97	5,405.2	2.60
6 Mechanical Engineering.,, (63)	5,920.0	2,98	748.5	0.37	638.2	0.33
B Metals and Metal Forming (7)	671.3	0.34	2,008,8	1.00	1.877.1	0.97
9 :Motors (16)	5.829.1	2.93	5.643.D	2.78	5,161.0	2.67
0 iOther Industrial Materials (17) 1 CONSUMER GROUP	63.779.2	32.12	64.089.5	31.67	61,966.7	82.07
	9.405.4	4.75	8,807.3	4.55	8,764.6	4.54
	7.858.7	3.96	8,138,1	4.01	7,378.6	3,82 3,95
- 11 COT 1-121-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1	2'083.8	3.57	6,478.8	8,19	6,281.6	4.80
6 Food Retailing	9,627.7	4,85	9,431.5	4,65	9,370.2 4,398,5	2.26
9 .Leisure (22)	1 3,874.7	1,95	4,178,0	9,06 0,73		0.61
2 Newspapers, Publishing (12)	1,457.3	0.75	1,487,9	1,06	1.932.2	1.00
3 Packaging and Paper (13)	1 1,953.9	0.98	2,154,2 14,655,1	7.52	13,904.8	7.19
4 (Stores (42)	14,044.0	7.07	2 049 4	1.01	1.927.6	1.00
5 Textiles (18)	1 2,079,8	1.04	6.505.8	3.21	6.831.2	3.58
6 .Tobaccos (3)	35,903.9	18.09		18,09	32:017.4	16,56
1 'OTHER GROUPS (101)	7,657.1	3.86	7,699.5	3.80	7.256.7	3,7
3 Chemicals	855.5	0.45	917.2	0.45	799.7	0.41
	2.138.8	1.08	1,488,5	0,73	1,662.9	0.8
o blipping the transport in the	10(125.5	5,10	11,072.0	5.46	9,156.6	4.74
8 Telephone Networks (29)	15,127.2	7.62	15,552.5	7.65	13,141.5	_5,60
9 INDUSTRIAL GROUP (483)	131.967.7	86,47	155,860.6	66,94	129.657.1	67.09 10.2
1 :Olls (27)	1 20,849,0	10.50	21,530.5	10,61	19,729.0	
9 1500 SHARE INDEX	152,816.7	76,97		77,55		77,30
I (FINANCIAL GROUP (115)	30,967.7	15.59	29,911.6	14,74	29,188.5 7,171,6	3.71
3 Sanka (6)	8,259.6	4.16	7,326.7	5.61 2.19	4.464.2	8.31
S Insurance (Life) (9)	5,194.5	2.62	4,459,0 5,283,4	2.60	4.830.0	2.50
6 Insurance (Composite) (7)	5,429.6	2.73	2.068.5	1.02	1.799.5	0.92
7 Insurance Brokers (7)	1,845.3	0.93	1,313.8	0.65	1.676.7	0.87
8 Merchant Banks (11)	1,825.0 5,955.6	5.00	6.501.5	5.10	6.638.1	3.43
9 Property (50)	2,948.1	1.48		1,57		1,35
A IORIGA I HIGHWAY III III III III III				5.13	9,923.8	5.13
1 /Investment Trusts (106)	9,909,0	4.98		1.64	2,949.7	1.62
1 Mining Finance (3)	2,726.7	1.57		0.94		0.94
1 :Overseas Traders (15)	2,132.0					100.0
9 JALL-SHARE INDEX (739)	198.542.1	100,0	, 202,956.6	100,0	193,262.2	100.0

This announcement complies with the requirements of the Council of The Stock Exchange



Norsk Hydro a.s

US \$100.000.000 10 per cent. Bonds due 1993

Issue Price 100 per cent.

Interest payable annually on 15th August

The following have agreed to subscribe or procure subscribers for the Bonds:

Swiss Bank Corporation International Limited

Amro international Limited

Credit Suisse First Boston Limited

Deutsche Bank Aktiengesellschaft

IBJ International Limited

Den norske Creditbank **Hambros Bank Limited**

Salomon Brothers International Limited Application has been made for the 10 per cent. Bonds due 1993 to be admitted to the Official List by the Council of The Stock Exchange subject only to the issue of the temporary Global Bond.
Interest is payable annually in arrears on 15th August, the first payment being made on 15th August, 1986.
Full particulars of the Bonds are available in the Extel Statistical Service and may be obtained during usual

business hours up to and including 19th July, 1985 from the Company Announcements Office of The Stock

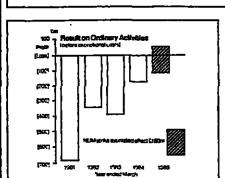
Exchange and up to and including 31 st.July, 1985 from: Swiss Bank Corporation International Limited,

Three Keys House, 130 Wood Street, London EC2V 6AQ

Rowe & Pitman, 1 Finsbury Avenue, London EC2M 2PA Swiss Bank Corporation, P.O. Box 114, 99 Gresham Street, London EC2P 2BR

Wood Mackenzie & Co. Limited, 62/63 Threadneedle Street, London EC2R 8HP

1983/84 1982/83 Financial results 1984/85 Results after interest (before exceptional costs) comprising: Profit excluding estimated effect of NUM strike Estimated effect of NUM strike (180)(140) (264) (174)Loss on ordinary activities before exceptional costs Exceptional costs Taxation and minority interests (79) (3) (483) (3) (409)(256)(869)Total loss for the year 3,358 2,268



STOP PRESS

eliminating an on-going annual liability of

privatisation projects, reflected British Steel's

effective shape as quickly as possible. This

level of exceptional costs is not expected to

Market share was maintained in the

Productivity was maintained at a level

Privatisation saw further progress; book

3,231

value of assets privatised or sold in the past

five years was raised to £349 million, plus

£74 million of property sales.

3,736

UK despite the constraints of the NUM

at least equal to the best in Europe or

£40 million. Other exceptional costs of

determination to get itself into the most

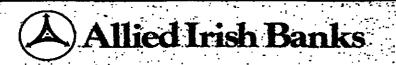
Other key factors:

Sir Robert also revealed that British Steel has made a clear operating profit in each month so far in the current financial year confirming that British Steel's estimates of the effect of the NUM strike were well based.

BRITISH STEEL CORPORATION I

Interest Rate Change

Allied Irish Banks plc announces that with effect from close of business on 16th July 1985, its Base Rate was decreased from 12½% to 12% p.a.



Head Office - Britain: 64/66 Coleman Street, London EC2R 5AL, Tel: 01-588 0691 and branches throughout the country.

Clydesdale Bank PLC

BASE RATE

Clydesdale Bank PLC announces that with effect from 17th July 1985, its Base Rate for Lending is being reduced from 12½% to 12% per annum



State Bank of India

State Bank of India announces that its base rate is reduced from 123% to 12% per annum with effect from July 16th, 1985 The rate of interest payable on 7 day ordinary deposits is reduced from 93% to 9% (gross) per annum Main Office in the U.K. State Bank House, 1 Milk Street, London EC2

Normans climbs 25% to £2.4m

Bridge of the

ing half

the year to March 30 1985.

Mr Michael Slocock, the chairman, says that 198485 was a year of significant development and growth, particularly for the retailing business.

Physical expansion of the retailing business, development of design concepts, improved computer facilities, and a strengthening of management represented a considerable investment in the future presperity of the business, he says.

Discount retailing remained the dominant activity and this division achieved an increase in turnover of 26 per cent to 5.75.26m of which 15 per cent was contributed by new stores and 11 per cent represented organic growth of existing stores and inflation.

The number of stores trading was increased to 16 through the premium of three stores on the

was increased to 16 through the opening of three stores on the south coast, and the development of the product range made further progress. The tea estate in Malawi had

The tea estate in Malawi had a record year—trading profits rose from £503,000 to £944,000—although earnings in the current year are likely to fail unless there is a recovery in recent auction price reductions.

Smaller group companies had mixed results. Furbeck Ceramics improved sales and profits through export orders, while Barnum's made a small but satisfactory contribution. Fieldsman Drinks, however, found market conditions tough and had a disappointing year.

Total group turnover was 27 per cent higher at £83.65m. against £65.31m, and generated trading profits of £3.18m (£2.42m)—head office costs and interest charges amounted to £755,000 (£468,000).

made.
Turnover of the group increased substantially from £1.63m to £2.17m, but this was largely attributable to higher interest rates, which increase the factoring discount charged to clients. In turn, the directors say, this was offset by interest payable on the group's own borrowings.

borrowings.
A record number of new

1993

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Section 1

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Kellock Trust profits fall

as new accounts increase

Kellock Trust, which is involved in recourse factoring, has achieved lower pre-tax profits of £274,557 for the first balf of both experienced staff and new computer equipment. This will previously. For the whole of 1994 profits of £726,000 were made

accounts was opened during the rate convertible preference share period, but trading conditions are shown higher at 0.63p (0.62p). clients and their progress has been less than was expected, the

directors state. However, despite variable rate convertible prefer-high rates of interest, most of them continue to make good use during the period under review.

Lancs. & London increase

HIGHER NET revenue of fincome improved from £110,000 to £249,000 mainly due to a achieved by the Lancashire & £109,000 rise to £145,000 in unfranked income arising mainly

London Investment Trust over the six months to end-June 1985.

Net asset value per 25p share at the end of the period amounted to 172.3p compared with 187.2p a year previous. An interim dividend of 2p (nil) is being paid, and with favourable projections for the full year, the directors expect to recommend a final of not less than \$125p, equal to last year's single payment.

After tax of £79.000 (£22,000), earnings per share were shown as 3.42p (0.27p).

Normans Group, which claims to be the only UK food retailer of significant size in the retail warehouse business, achieved a linguist final payment of 0.9p. Earnings per 10p share were 25 per cent increase from £1.95m to £2.43m in taxable profits for the year to March 30 1985.

Mr Michael Slocock, the chairman, says that 1984.25 was a year of significant development and growth, particularly for the retailing business.

Physical expansion of the retailing husiness development to the current quarter shead by over 20 per cent. Alexanders Holdings, the largest Ford main dealer in Scotland, has considerably reduced first-half losses which reflects the board's confidence of a return to profit in the current year, says Mr J. B. Loudin, the chairman.

cent.
The balance sheet at the year end was liquid—cash balances less short-term borrowings came to £2m—placing the group, he says, in a strong position to take advantage of opportunities for expansion.

says, in a strong position to take advantage of opportunities for expansion.

Comment

A healthy infusion from the tea business more than compensated for the squeezing of margins on the retailing side and enabled Normans to turn in a result roughly in line with forecasts. Not that the group's retailing margins were generally down: it is just that the rate of profits growth at existing stores was dampened by the start-up costs at Christchurch, Weymouth and those. Normans is well aware of the danger of over-reaching itthe danger of over-reaching it-self and this year is slowing down its expansion programme, with two new stores opening in Eastbourne and Poole. This should allow it to reap the bene-

computer equipment. This will increase the capacity for business and reduce operational costs, giving a solid base for future appears.

costs, giving a solid base for future growth.

Taking these circumstances into account the directors say it is likely that the results for the current year will not be substantially ahead of 1984.

For this half the tax charge fell from £124,848 to £99,924.

Minorities took a lower £87,502 (£93,000). Stated net earnings per 55 ordinary and 55 variable rate convertible preference share

After tax of £79,000 (£22,000), earnings per share were shown as 3.42p (0.27p).

man.
Although turnover for the six months to end-March 1985 was slightly lower at £25.2m, against £25.7m, losses before tax were reduced from £348,000 to £49,000. Loss per share was 0.157p (1p)—the company does not pay interim dividends.

Alexanders

on course

for return

to profit

Significant advance made | RKT at £2.25m and by Reed Executive

A SIGNIFICANT improvement has been seen in pre-tax profits at Reed Executive in the 12 months to March 30, 1985. Profits were £2.22m against £1.31m in the previous 15-month accounting period, from turnover up from £55.37m to £51.69m.

To emphasise the significance of the improvement in sales, the company has taken figures from unaudited management accounts for the 12-month period to March 31, 1984 for comparison purposes. These show turnover improved by 46.2 per cent for Reed Employment, and by 26.1 per cent for Medicare.

The sexpansion of the business has created 150 jobs.

The board says the thrust con
The pre-tax figure of £1.4m to £2.32m, because of the year and since the end of March, giving a since the end of March, giving a since the end of 44 branches trading, from the self-service drug stores. The rest of the year.

Since the end of March, giving a sents, and £342,000 (£201,000) from the self-service drug stores. The rest of the year.

Since the last annual meeting, the management team has been strengthened with the appointment of Mr Christopher Kelly as managing director of Reed Employment, and by 26.1 per cent for Medicare.

This expansion of the business has created 150 jobs.

The board says the thrust con-

This expansion of the business has created 150 jobs.

The board says the thrust continues and business remains at a high level in both companies. Reed Employment has made considerable inroads into the competitors' share of the temporary staff market while maintaining the dominant position always enjoyed in the permanent staff recruitment sector.

tinues and business remains at a high level in both companies. Reed Employment has made considerable inroads into the competitors' share of the temporary staff market while maintaining the dominant position always enjoyed in the permanent staff recruitment sector.

It says it is absolutely committed to the continual improvement and sophistication of the company's services and has appointed a board colleague to a services and has appointed a board colleague to a services and has appointed a board colleague to a services and business remains at a table permanent of one of RKT's sites.

Vantage assets at 56.8p

Each warrant will entitle the holder to subscribe for one new holders is also ordinary on March 31 in any of the years 1866,000 (£120,000). Aftiributable profits totalled in RKT's sites.

Priest Marians

Friest Marians

Reddings.

Priest Marians

Each warrant will entitle the bolder to subscribe for one new ordinary on July 31 1985.

Net system (£23,000 (£120,000) and tax for £762,000 (£120,000). Aftiributable profits of E83,900 (£120,000). Aftiributable profits of E83.19m (£20,000) (£120,000). Aftiributable profits of E83.19m (£20,000). Aftiributable profits of E83,000 (£120,000). Aftiributable profits of E80,000 (£125,000). Aftiributable profits of E80

up in current year

For the period, the group returned pre-tax profits of £2.25m and is paying the promised final dividend of 5.5p for a total of 16.5p net per 10p share.

This compares with profits of the merchanting division's activities and a major stake has lep for the previous 12 months.

The directors say current trading is showing a marked improvement on the previous six months.

Group turnover for the 18 months reached £31.55m (£23.62m for 12 months) and pre-interest profits totalled £31.59m (£23.88m).

Interest charges accounted for

THE 18 months to end-March 1885 was a period of transition and reorganisation for Robert Kitchen Taylor, the London-based group with interests in textile manufacture and merchanting, and property investment and trading. for the group's growing and increasingly profitable sportswear business.

Elsewhere, a new company has been formed to extend the range of the merchanting division's

Investments & Group



Johannesburg Mc Consolidated

Gold mining companies' reports for the quarter ended 30 June 1985 with comparative figures for the previous quarter

Randfontein Estates

The Randfontein Estates Gold Mining Company, Witwatersrand, Limited OPERATING RESULTS (Unaudited) 31.03.85 1 456 900 8 154 5,6 R104,75 8610 000 47 189 5,48 R92,30 FINANCIAL RESULTS (R000)
 Capital expenditure
 48 131

 Drivdends declared
 48 908

DEVELOPMENT

SAMPLING RESULTS The values shown in the following tabulations are the actual results of sampling reef development. No allowance has been made for any adjustments which may be necessary when computing ore reserves.

		-				٠.			•
	Qua	ter enc	led 30 (6.85	Quant	er ende	d 31.03	85	
		Sh	efts		T	Shal	19		
	No. 1	No. 2	No. 3	Total	No. 1	No 2	No.3	Total	
UE1a REEF					$\overline{}$				
Sampled-m	567	567		1473		573	321	1 521	
Channelwidth-cm	165	202	193	188	161	182	227	183	
Average value:					İ				
Gold-g/t	3,7	3,3 667	4,7	3,8			5,5	4,1	
− cm-g/t Umankum – kg/t	611 0.11	0.36	907 0.38	707 0.28	0.10	655 0.35		750 0.30	
— cm-kgt	18.05						0,48 108.96		
ES REEF	10,00		10,01		19,10		100,00	J-7,00	
Sampled-m	459	354	-	813	358	552	_	910	
Channel width-cm	105	205	_	149	158	245	_	211	
Average value;					'				
Gold g/t	9,1	2,0	_	4,5	5,1	2,7	_	3,4	
cm-g/t	956	410	-	715	805	662	-	717	
Urankum – kg/l	0,14	0,23	-	0,19	0,17	0,22	-	0,21	
— cm-kg/t	14,64	47,15		28,31	26,66	53,90		44,31	
E9Gd REEF Sampled-m	123			400	۱				
Channel width - cm	123 209	=	=	123 209	183	=	=	84 183	
Average value:		_			'5	_	_	100	
Gold - g/1	1.8	_	-	1.8	1.1	_	_	1.1	
-am-g/1	376	_	_	376	212	_	-	212	
Uranium ⊋kg/t	0,09	-	_	0,09	0,07	-	_	0,07	
	18,81			18,81	13,51			13,51	
KIMBERLEY REEF		_			1	٠ ــــــــــــــــــــــــــــــــــــ			٠.
Sampled-m Channel width-cm	.96 284	42 129	_	138 237	-	- 33 181	· . 🚾	33 181	
Average value:	207	123	_	231) -	L ID I	. –	101	
Gold - g/t	6.3	2,8	_	0.7	Ι_	8.0	_	0,8	
- cm-g/l	85	361	_	166] _	145	_	145	
Urankum – kg/t	0,01	0,21	_	0,05	1 –	0,05	_	0,05	
cm-kg/t	2,84	<u>27,08</u>	_	11,85	<u> </u>	9,05		9,05	
Note:	_	_							
Development on the E9	Gd reel	forms	partoft	he exp	loration p	нодгал	me.		
ORE RESERVES	ΔT 31	MAR	CH 19	25					
(Comparatives at 30 Se									
	No. 15	_	No. 25	ibodi.	No.35	-	Tot	-1	
COOKE SECTION	1985		1985		1985	1983	199		
COURESECTION	1 202	1003	1903	1903	1883	1903			

Tons-000's 1909 3261 4778 4181 2414 1841 9101 9283 Stope width-cm.... 142 134 163 141 210 175 168 144 Average value:
Gold – gr. 9.2 9.6 8.3 10.2 5.0 7.2 7.6 9.4
- gr. 1306 1286 1353 1438 1050 1250 1277 1354
Uranium – kgr. 0.12 0.16 0.25 0.32 0.37 0.47 0.26 0.29
- gr.-kgr. 17,04 21.44 40.75 45.12 77,70 82.25 43.68 41.76 The 1985 ora reserves are related to pay limits calculated on the basis of a gold market price of R18 000 per killogram (1983, R15 000 per kg) and certain

COMPARATIVER	ESERVES (at va	arique gold prices)	1
Gold market price:			ge Value
R/kg	Tons	Gold	Uranium
	000's	git	kg/t
16000	8 526	7,9	0.26
18000	9 101	7,6	0,26
20000	9 284	7,5	0,25

Middle Elsburg Reefs

Quarter ended 31.06.85 31.03.85

GOLD PRODUCTION One milled from underground sources increased by 99 000 tons over the previous quarter and this was supplemented by 33 000 tons (99 000 tons) from old surface and failings. COOKE PLANTS

The gold plant continued to run efficiently at designed tonnage. Refurbishing work on the uranum plant was completed during the quarter and resulted in the plant achieving its rated capacity of 300 000 tpm in June. **DOORNKOP SECTION**

Doornkop Shafts
The sinking of the Number 1 Shaft is progressing according to plan and has reached a depth of 631 metres (624 metres) below surface. The 86 level station excavation and construction are now complete. Preparation of the ground for the sinking of the No. 1 and No. 1A Ventilation Shafts has commenced.

Reef intersection in No. 1 Shaft
The shaft intersected Kumberley Reef having a value of 3,6 git over 264 cm equal to 950 cm-gr. or 6,5 git over a selected mining width of 124 cm equal to 806 cm-gr. The latter value compares tavourably with the value indicated by

CAPITAL EXPENDITURE (R000) 30.08.85 31.03.85 32.629 30.06.8\$ 220.817 LONG-TERM LOANS (RODD) Balance at end of period..... 59 147 63 260 17 279

The consumer loan has been converted to SA currency at the rate ruling at 28.06.85, $R_1 = 50.5015$ ($R_1 = 50.5165$ at 01.04.85). The long-term loan balance as well as the current portion of this loan are expressed net of the future tax effect of losses resulting from exchange differences.

FORWARD CONTRACTS
The company has entered into currency forward contracts in respect of a portion of its expected future gold and uranium revenue.

Divident No. 100 of 800 cents was declared on 20 June 1985, payable to members registered at the close of business on Friday 9 August 1985, Dividend warrants payable on 8 September 1985 will be posted to members on 5 September 1985. **HJJOEL PROJECT**

Following satisfactory results of drilling on the larms Leeuwbutt 580, Leeuwforten 256 and Leeufonteinswerft 51 in the district of Theunissen, OFS, the preparatory work for sinking two prospect shafts was commenced on 5 June 1985. The company has a 45% Interest in the project.

On behall of the Board G. Y. NISBET F. J. P. ROUX Directors

Thudson's Bay Company U.S. \$50,000,000 FLOATING **RATE NOTES DUE JULY 1989**

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the six month period (184 days) from 16th July, 1985 to 16th January, 1986 has been fixed at 81/4% per annum.

Interest payment date will be 16th January, 1986. Payment which will amount to US\$4,216.67 per US\$100,000 Note, and US\$42,166.67 per US\$1,000,000 Note will be made against surrender of the relevant Coupon.



CANADIAN IMPERIAL **BANK OF COMMERCE**

ESSELTE BUSINESS SYSTEMS INC.

1.000.000 Shares of Common Stock

Enskilda Fondkommission Svenska Handelsbanken

Placement in Sweden of evidenced by Swedish Depositary Receipts sold by way of rights to the Swedish sharsholders of Esselle AB Issue price SEK 122 per share

Western Areas Western Areas Gold Mining Company Limited Issued capital: R40 306 950

Eighteen months Quarter ended ended OPERATING RESULTS 30.06.85 31.03.85 30.06.85 837000 5530000 3682 25371 4.4 4,5 R72,85 R77,65 R78,76 R71,12 R(5,91) R8,53 Kilograms produced
Yield – grams per ton
Revenue – per ton milled
Working cost – per ton milled 999 000 459 170 0,46 FINANCIAL RESULTS (R000) (Unauxitror)
| Revenue from gold | 74 Uzz
| Working casts | 75 928
| Profit (Loss) from gold | (1 905)
| Profit from unanum | 4 108
| Net sundry revenue | 2 344
| Profit before tax and State's share | 4 546
| Tax and State's share | 4 986
| Profit after tax and State's share | 4 986 429 398 393 285 38 113 23 568 20 021 79 702 65 928 (4 950) 5 420 2 831 3 301 78 813 57 387 Capital expenditure 9672
Dividends declared 4031 <u>25 192</u>

upuons. Profit from Irranium taxes account or currency toward transactions.

3. Working costs include a non-recurring amount of R1,58 m relating to the application of improved leave benefits to leave accrued prior to 1 April 1985.

4. Tax payable for the eighteen month period is in respect of an additional assessment raised by the tax authorities in respect of the previous financel period. A formal objection to this assessment has been lodged.

DEVELOPMENT Venteradorp Contact Reel
Upper Eaburg Reets
Middle Elsburg Reets
Total metres 6 102 8 868 2 417 17 387 4682 SAMPLING RESULTS SAMPLINES HESCLE'S The values shown in the toflowing tabulations are the actual results of sampling reef development. No allowance has been made for any adjustments that may Ventersdorp Contact Reef, Elaburg Massive Reefs and Elaburg Individual Reefs

Quarter ended 30 06 85 Quarter ended 31 03 85 | Consider Procedure 1 to 10 | Consider 1 to 10 | Consider Procedure 1 to

ORE RESERVES AT 31 MARCH 1985 (Comparatives at 30 September 1983) Ventersdorp Contact Reef and Upper Eleburg Reefs Ventersdorp Upper Contact Reef Elsburg Reets | 1985 | 1983 | 1985 | 1983 | 1985 | 1983 | 1985 | 1983 | 1985 | 1983 | 1985 | 1983 | 1985 | 1983 | 1985 | 1983 | 1985 | 1983 | 1985 | 1983 | 1985 | 1983 | 1985 | 1983 | 1985 | 1983 | 1985 | 1983 | 1985 | 1983 | 1985 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | 1983 | COMPARATIVE RESERVES (at vanous gold prices) Gold Market Price 18 000 4701 7,9 7.8 **GOLD PRODUCTION** The tonnage treated from underground was supplemented by 45 769 tons (54 300) from surface sources.

No. 3 SUB-VERTICAL SHAFT elopment is in progress on 85, 90, 85 and 95A levels. WATER CONTROL PROJECT Discussions and negotiations continue with the authorities concerned and with parties holding interests in the area.

Eighteen months
 CAPITAL EXPENDITURE (R000)
 Quarter ended 30.06.85
 annual 30.06.85
 30.06.85
 30.06.85
 30.06.85
 30.06.85
 30.06.85
 30.06.85
 30.06.85
 87.03
 58.505
 58.505
 60.00
 64.60
 (11.18)
 60.00
 64.60
 61.33
 7.460
 8.133

LONG-TERM LOANS (R000)

The company has entered into forward contracts in respect of a significant portion of gold production in order to stablise revenue and thereby reduce the company's vulnerability to operating losses. Forward contracts include both the torward sale of gold over the next breker months and the purchase of put options over the next seven months that give the company a discretionary right to sell gold at a predetermined price during a specified period. The company has entered into currency lowerd contracts in respect of a matching portion of its expected gold revenue. FORWARD CONTRACTS

DIVIDEND

Dividend No. 39 of 10 cents per unit of stock was declared on 20 June 1985, payable to members registered at the close of business on Enday, 9 August 1985. Dividend warrants payable on 6 September 1985 will be posted to members on 5 September 1985.

On behalf of the Board G.Y.NISBET F.J.P.ROUX Directors

Six months Eighteen month

12270

Elsburg

Elsburg Gold Mining Company Limited Issued capital; R30 203 000 (Divided into 30 203 000 units of stock of R1 each)

DIVIDENDS DECLARED (R000)

On behalf of the Board G. Y. NISBET Directors

Copies of these reports are available on request from the offices of: Barnato Brothers Limited 99 Bishopsgate, London EC2M SXE, England

23818

2567

Isis falls sharply but is set for recovery

ALTHOUGH pre-tax profits of the Isls Group are shown to have fallen by £776,000 to £1.36m for the 1984-85 year. Mr Lamont Park, the chairman, says the underlying trend in profitability remains firmly upwards.

ALTHOUGH pre-tax profits of the Isis Group are shown to have fallen by £776,000 to £1.36m for the 1984-85 year. Mr Lamont Park, the chairman, says the underlying trend in profitability remains firmly upwards.

He explains that as reported at the interim stage the outcome for the year was dependent on certain property transactions being completed before year-end. In the event none of the transactions were completed by that date, although since then completed has taken place on one £3.2m transaction and a conditional contract for another £3m transaction has been exchanged.

Mr Park says that had the former been concluded in the time scale originally envisaged, the effect would have been to maintain the rising trend in the group's profit record.

Turnover for the year, to March 31, increased from £40.33m to £56.43m, an improvement of 40 per cent—Isis, based at Swindon, has interests in construction of the successful completion of engineering. Its shares are traded in the successful completion of park lamont have been to maintain the rising trend in the group's profit record.

Turnover for the year, to March 31, increased from £40.33m to £56.43m, an improvement of the successful completion of park loss performance as a whole was clearly disappointing. The meads a result of heavy in January and was over-completed before year-end, the contracts to which these contracts to which these onvery was seen in the final quarter.

The new year has begun at a strong recovery was seen in the final quarter.

The new year has begun at a strong recovery was seen in the final quarter.

The new year has begun at a surplus of £1.86m.

The Business Expansion cheaved in one particular region. He adds, however, that the contracts to which these onverted in one particular region. He adds, however, that the contracts to which these onverted in one particular region. He adds, however, that the contracts to which these onverted in one particular region. He adds, however, that the contracts to which these onverted in one particular region. H

Cold Mining Co Lid

Interest paid, stores adjustment
and service benefits
Net royalty payments
Profit before texetion and State's
share of profit
Taxation and State's share of profit

Profit after texation and State's shere of profit.....

State loan levy refund

For and on bohalf of the board B.E. Hersov *Directors* W.W. Malan

In terms of the Company's articles of association, the directors' borrowing powers are limited to RSG 000 000. At 30 June borrowings totalled R9 949 000 (1984: R16 124 000) of which long-term borrowings amounted to R6 909 000 (1984: R12 534 000) and short-term to R3 040 000 (1984: R3 590 000).

levenue derived from the sale of gold takes into account the results of hedging

W. W. Million Derectors: B.F. Hersov D.M.S. (Chairman), B.L. Bernstein Hon. LL.D., D.J. Crowe[®], W.B. Evans, E.P. Guah, W.W. Malan, Chive S. Monett, T.L. Prettovus, R.J. van Emmerse A*lternate Grantstors: J.H.J. Burta, P.J. Euslaca, M.D. Herson, C.L. Santoc, J.E. van Niekerk*,

Plake Copper Whe (Fig) Lid

issued capital: 54 000 000 shares of 50 cents each

Prinancial results
Operating profit
Non-mining income

Profit before taxation

Profit after taxation

Capital recoupments

For and on behalf of the board

P.J. Crowe Directors R.A.D. Wilson

17 July 1985

ville.
Mr Lamont says the construc-

the market made by Grao- this property has given rise to lie. a surplus of £1.86m.

Second half setback for Brunning Group

All financial figures for the quarter and progressive figures for the current year to date are una

Rate of exchange on 30 June 1985, R1,00 = £0,38, £1,00 = R2,61.

The drop was largely due to two factors; the deferment of some fairly substantial business from March to April and failure to let the four vacant floors of Brunning House, says Mr Geoffrey Brunning, the chairman.

man.
"The deferred business will.

"The deferred business will, of course, benefit our current year's results and we are hopeful that before long we will be successful either in letting the vacant space in Brunning House or disposing of the lease.

"The advertising and marketing companies have had a satisfactory year in spite of the fact that some of the regional agencies were adversely affected by the prolonged miners' strike. Once that was over, all agencies reported brighter prospects with the acquisition of new business,"

Christies Art

Brunning Group, which has interests in advertising and public relations, suffered a fall in faxable profits from £452,000 to £377,000 in the year to end-March 1985.

All of the downturn stemmed from second-half trading which produced a profit of only £19,000 compared with £200,000.

The drop was largely due to two factors; the deferment of some fairly substantial business from March to April and failure to let the four vacant floors of Erunning House says. Mr.

Christies Contemporary Art, which was planning to come to the USM this summer, has had to re-think its proposed name change to Carlton Gallery. Carlton Communications had carton communications nate threatened legal action unless Christies chose a different name, as it objects strongly to such a similar name being applied to another quoted company.

Lording Gold Mings, Lid

lesued capital: 16 366 986 shares of R1.00 each

Profit

Total – all reefs Sampled Channel width Channel value

For and on behalf of the board D.J. Crowe Directors R.A.D. Wilson

17 July 1985

profits pass £0.5m and

change to Carlton Gallery. Carlton Communications had threatened legal action unless Christies chose a different name, as it objects strongly to such a similar name being applied to another quoted company.

Consequently, Christies has opted to be called CCA Galleries, so as not to delay the timing of the flotation.

The final dividend is raised from 0.75p to 1p net for a total of 1.25p (1p).

The pre-tax figure was struck against £306.000. After tax of £351,000 against £306.000. After tax of £120,000 (£55,000) and dividends of £95,000 (£73,000), retained profits came out £62,000 higher at £292,000.

ended 31 March 1985 408 000 2 325,60 5 7 107,55 80,62 26,93 43,679 32,892 10,987

6 001

1 147

1 535

Hedging transactions
The Company has sold portions of its future gold production on a fully-hedged
basis as detailed below:

Taxation

No taxation or State's share of profit was payable as the Company has assessed

Capital expenditure
Outstanding commitments at 30 June 1985 are estimated at R902 000 (31 March 1985: R713 000).

Directors D.J. Crowe* (Chairman). F. Bendey*, W.B. Evans, B.F. Hersov D.M.S., G.C. Krafit, W.W. Malan, Clark, P.J. Evans, G.S. Young Alternate directors, F.S. Clark, P.J. Eursteen, P.J.S. Rend, P. Tajisard

37 246 1 680

8 402 10 082

22 786 :

2 526 92

1 401

D. F. Bevan | Denhams ahead in difficult market

Days more

PRE-TAX profits on ordinary activities at D. F. Bevan (Holdings) increased from £358,000 to £507,000 in the year to March 31. 1985. At halfway, Bevan, which is engaged in metal merchanting, castings and general engineering, and steel stockholding, showed only a marginal improvement at £129,000.

Turnover for the year rose from £16.39m to £19.71m and the cost of sales was £16.89m compared with £13.94m. Distribution costs were higher at £281,000 against £774,000, and administration at £251,000 against £774,000, and administration expenses rose from £1.02m.

The final dividend is raised from 0.75p to 1 p net for a total of £25p (1p).

The pre-tax figure was struck after interest charges of £351,000 against £306,000. After tax of the first half provided areas.

It has proved difficult to main-rain margins in an extremely market. Mr Arnold benman, chairman and managing in an extremely competitive market, Mr Arnold benman, chairman and managing director of Denmans Electrical says in his interim state there is no immediate sign of an improvement in the market in the market managing director of Denmans Electrical says in his interim state there is no immediate sign of an improvement in the market managing director of Denmans Electrical says in his interim state there is no immediate sign of an improvement in the market managing director of Denmans Electrical says in his interim state profits in features are likely to continue fat. However, the group is in a strong financial possition and the scound the strong financial possition and the scound fat. However, the group is financial possition and the scound fat. However, the group is in a managing director of Denmans Electrical says in his interim state there is no immediate sign of an improvement in the market improved an extremely managing director of Denmans Electrical says in his interim state profits of sixtle have yet to come to further have yet to come to fruition.

The interim dividend is main truntion of electrical says in his interim state profits of

Robert Goff nears I£1m BY BRENDAN KEENAN IN DUBLIN

THE RAPID development of the Irish thoroughbred industry in recent years, partly under the stimulus of tax incentives, has been reflected in the annual results of Robert J. Goff and Co. the leading Irish bloodstock suctioneer

results of Robert J. Goff and Co.
the leading Irish bloodstock
auctioneer.

Pre-tax profits, at almost
Ifim, were up 25 per cent on a
turnover ahead by 30 per cent.
Investor from the Middle
East and the U.S. have been
keeping more top class horses
in Ireland to take advantage of
the tax breaks on stallion fees.
Goff's set a new record during
the year when Sheikh Mohammed al Maktoum bid 3.1m Irish
guineas for a yearling.

However, Mr Patrick McGrath,

BOARD MEETINGS The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends ore interims or finels are the subdivisions shown below are besed mainly on last year's timetable. TODAY Interim: Cardiff Property. Interim: Cardiff Property. Finals: Anderson Strathchyda. Charter Consolidated. Christie-Tyler, Grown House, Dixons, Fleming Technology Investment Trust, General Consolidated, Philip Herris, Maylar and City Proper-FUTURE DATES Adams and Gibbon Lew Debanture Flextech July 25 Goome Photographic Products Great Universal Stores July 18 Kenyon Secunties July 24 Ospray Communications July 24 TR Trustees July 18

investment Frost, Graig anipping, Philip Herirs, Mayleir and City Proper- ties, Moorgate Investment Trust, William Ransom.	Unitech
BASE LEND	ING RATES
ABN. Bank 12 % Alied Dunbar & Co 12 % Alied Irish Bank 12 % American Express Bk 12 % Henry Ansbacher 12 % Amro Bank 12 % Associates Cap. Corp. 13 % Banco de Bilbao 12 % Banco Hapoalim 12 % Bank of Irealnd 12 % Bank of Irealnd 12 % Bank of Irealnd 12 % Bank of India 12 % Bank of Scotland 12 % Beneficial Trust Ltd. 13 % Beneficial Trust Ltd. 13 % Brit Bank of Mid. East 12 % Brown Shipley 12 % CL Bank Nederland 12 % Cayzer Ltd. 12 % Consolidated Savings 12 % Citibank Savings 12 % City Merchants Bank 12 % City Merchants Bank 12 % City Merchants Bank 12 % Cooperative Bank 12 % Consolidated Credits 12 % Consolidated Credits 12 % Duncan Lawrie 12 % Exeter Trust Ltd. 13 % Exeter Trust Ltd. 13 % Exeter Trust Ltd. 13 % First Nat. Fin. Corp. 13 % First Nat. Secs. Ltd. 13 % Grindlays Bank 12 % Guinness Mahon 12 % Hambros Bank 12 % Heriusble & Gen. Trust 12 % Heriusble & Gen. Trust 12 %	Hill Samuel

We apologise to readers for the inaccuracies in the Base Rate Table for Citibank N.A. on Monday 15th and Tuesday 16th July 1985. The Rate should have read 12% not 121% as printed.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. Lowland Investment

Company plc (Registered in England No. 670489)

Placing of £1,000,000 11¼ per cent. Debenture Stock 2010 at 99.026 per cent.

Application has been made to the Council of The Stock Exchange for the whole of the above Stock ("the new Stock") to be admitted to the Official List. The new Stock will form a single series with the Company's existing £2,000,000 11½ per cent. Debenture Stock 2010 ("the existing Stock"). The existing Stock has already been admitted to the Official List Dealings in the new July, 1985.

July, 1985.
The new Stock will carry interest at the rate of 11½ per cent, per annum which will be payable (less income tax) half-yearly on 1st January and 1st July. The first interest payment on the new Stock will be made on 1st January, 1986.
In accordance with the requirements of The Stock Exchange, day of publication of this advertisement, on which a discount of ½ per cent, will be allowed by the Company.
Listing Particulars relating to the new Stock will be circulated in the Extel Statistical Services; copies thereof are available to the Exchange for a period of 2 business days from the date hereof 14 days from the date hereof.

17th July, 1985

Anglovaal Group Mining companies' reports - Quarter ended 30 June 1985 Hateaestonen Easian Transvaal

352 031

2 758 14 003

335 270 213 856

33 160 2 597 89 600

125 357 6 407

118 950

6 215

Development results given are the actual sampling results. No allowance has been made for adjustments necessary in the valuation of the corresponding one reserves. Shareholders requiring copies of these reports regularly each quarter, should write to the Secretaries, Anglo-Transvael Trustees Limited, 295 Regent Street, London W1R 8ST.

Consolidated Mines. Lid ssued capital: 4 316 678 shares of 50 cents each

	Coarter	Quarter	Financial
	ended 30 June	ended	yeer ended 30 June
Operating results	30 June 1985	31 March 1985	30 June 1985
Ore milled t	90 100	82 000	340 600
Gold recovered kg	820,47	746.33	3 323.88
Yieldg/t	9.1	9.1	9.8
Revenue R/t milled	178.34	189.83	185.83
Costs R/t milled	86,28	97.01	85,36
Profit R/t milled	92.06	92,82	100,47
Revenue R000	16 068	15 566	63 293
Costs R000	7 774	7 955	29 072
Pro/lt R000	8 294	7611	34 227
Financial results	R000	R000	RDDO
Working profit – gold mining	8 294	7 611	34 221
Non-mining income	898	814	2951
	9 192	8 425	37 172
Prospecting expenditure	1 122	795	3 181
Stores adjustment	226	_	226
Profit before taxation	7 844	7 630	33 765
Taxation	1 188	3 721	13 599
Profit after taxation	6 656	3 909	20 166
Capital expenditure	4 943	1 813	11 254
Dividends	5 395	_	8 633
	10 338	1813	19 887
State loan levy refund	443		443
	9 695	1813	19 444
<u> </u>	3 030	1813	19 444
Development .		• .	
Advanced	959 ·	. 980	4 398
Sampling results:			• •
Sampledm	638	496	. 2 331 ~
Channel width cm	222 ·		217
Channel value g/t	3.4	3,0	3,5
cm.g/t	744	650	767
Operations Gold recovery and yield during the quarter ical problems experienced with the fluo-volume of concentrates treated. Certain n	iolids roas	ter which re	stricted the

	cm		3.4 744	3,0 65 0	3,5 _. 767
al problems	and yield during the of experienced with the contrates treated. Contrates treated. Contrates treated.	e fluo-	solids roaste	which restr	icted the
119 562 per kild onnage	eserves at all mines ogram, are estimated	as follo . t		sed on a gold	d price of

*	cm.g/t 2	845
Hedging transactions The Company has sold pobasis as detailed below:	rtions of its future gold	production on a fully-hedged
Duarter ending September 1985	Kg of gold sold. 84,0	Average realisable value per leg sold R20 402
Revenue derived from the transactions.	sale of gold takes into a	eccount the results of hedging
Dividend Final dividend No. 70 of 12	E casto nos sham was de	scloved in June 1885 making a

Capital expenditure
Outstanding commitments at 30 June 1985 are estimated at R1 901 000 (31 March 1985: R1 599 000). For and on behalf of the board

n.A.U. Wilson Directors D.J. Crowe Directors: R.A.D. Wilson (Chairman), D.J. Crowe*, M.D. Henson, B.E. Hersov D.M.S., W.W. Maian, Cleve S. Menoll, J.E. van Nederk

Cold (Mining Co (1934)) Lid

VIIoge Moin Reaf

		unded	ended	year ended
	30	June	31 March	30 June
perating results		1985	1985	1985
ands treated	t 15	M 800 .	184 000	760 400
old recovered	kg 1	33,09	133,34	522,78
ield	gt	0,69	0,72	0,69
evenueRi	treated	12.98	12.63	12,04
osts	t freated	9,75	9,69	9,40
rofitR/		3,21	2,94	2,64
evenue		2 515	2 323	9 154
OSTS		1 993	1 783	7 149
rolit	11000	622	540	2 005
inancial results		R000	RDDO	71000
/orkung profit		622	540	2 005
on-mining income		158	159	554
		780	699	2 559
oyalties paid		44	36	214
rofit before taxation		736	663	2 345 ·
axation		103	336	874
rofit after taxation		633	336 327 52	1471
apital expenditure		459	-52	642
ividend		607	_	607
•	•	1 066	52	1 249
		1 444	_32	1249
edging transactions he Company has sold portion asis as detailed below:	s of its future go	old prod	uction on a f	fully-hedged
			Average re	alisable
tu≅rter ending ectember 1985	Kg of gold sold 15.6	ı	value per l R20 3	kg sold
				[

17 July 1985

Consolidated Wurdhison Lid

Financial results Sales of antimony concentrates less	Quarter ended 30 June 1985 R000	Querter ended 31 Merch 1985 R000	Eighteen months ended 30 June 1965 R000
realisation charges	8 486	6 484	45 526
Gold sales	2 800	4 577	18 225
Sundry mining income	63	16	181
	9 349	11 077	63 932
Working costs	6819	_6 354	35 396
Working profit	2 530	4 723	27 536
Non-mining income	679	_ 233	2 387
	3 209	4 956	29 923
Prospecting expenditure, Interest paid and stores adjustment	547	203	1 933
Profit before taxetion	2 662	4 753	27 990
Taxation	(1 251)	2413	7 329
Profit after taxation	3 913	2 340	20 661
Capital expenditure	4 479	219	13 973
Dividends	1 248	_=	5 408
	5 727	219	19 381
Gold revenue The Company's practice is to bring pressure patch of the loaded carbon. At the end of Jul of gold loaded onto carbon were awaiting d	ne 1985, ap	n gold to acco proximately 4	unt on des- 5 kilograms

ringical. The revenue from the sale of antimony concentrates brought to account each quarter is based on actual shipments made, which can vary considerably form quarter to quarter. The Company has entered into currency forward contracts in respect of a portion of its revenue from future sales of antimony concentrates over the next twelve months. Dividend Pio. 75 of 30 cents per share was declared in June 1985, payable in August 1985, making a total of 130 cents per share for the eighteen months ended 30 June 1985.

For and on behalf of the board

ended 31 March 1985 year ended 30 June 759 000 2 929 000 92 760 149 343 97 879 173 804 79 267 22 657 12 872 9 785 34 373 160) 16 200 3 090 PRINCES
Despatches, which vary from quarter to quarter, are brought to account at their estimated receivable value. Operating profit takes into account adjustments following final price determinations on despatches made during previous quarters. For and on behalf of the board R.A.D. Wilson Directors D.J. Pelora: D.J. Crows** (Charmon), B.E. Hersov D.M.S., R.L. L'Espera D.J. Pedneault***, D.M. Pogeon*, F. Sharry*, R.A.D. Wilson* Alternate chercara: D.A. Bland, A.J. Birni, M.D. Henson, W.W. Melan "American "British" ****Cenadean

FT COMMERCIAL LAW REPORTS

Trader entitled to tax relief on cars owned by manufacturer

FRASER (HM INSPECTOR OF TAXES) v LONDON SPORTS -CAR CENTRE LTD

Court of Appeal (Sir John Donaldson, Master of the Rolls, Lord Justice Neill and - · July 10 1985 ···

A COMPANY which trades with stock owned by another may be entitled to stock relief for corporation tax purposes if, on the facts of the partieu lar case, the stock is in reality sold by the company in the ordinary course of its trade.

ordinary course of its trade.

The Court of Appeal so held when dismissing an appeal by the Inland Revenue from Mr Justice Nicholls's judgment upholding a decision of the Special Commissioners that the London Sports Car Centre was entitled to stock relief on cars with which it traded but which it did not own.

wars leb

LETINGS

NG RATES

Paragraph 9(1) of Schedule 5 to the Finance Act 1976 provides: "(1) Where a company carries on a trade in respect of which it is within the charge to corporation tax...and — (a) the value of its trading stock a

trading stock at the beginning of that period the company shall be entitled to relief when the provisions of this paragraph trading stock, means promet that would, in practice, save in exceptional circumstances, have led to determination of the argement by Allin of the argement by Allin of the sole purpose of the arrangement was to defer payment of VAT and car tax until a car was sold to a customer of the correct was sold to a customer of the car.

Paragraph 29: "(1) Subject to the provisions of this paragraph ... 'trading stock' means proproperty ... real or personal, being either—(a) property such as is sold in the ordinary course of trade

benefit of any rise in the price of the car between delivery and sale to a customer. LORD JUSTICE NOURSE, giving the judgement of the court, said that by an agreement dated October 1 1974 between the Centre and Alfa Romeo, cars were not delivered to the Centre until it had paid Alfa for everything except value added tax (VAT) and car tax.

After delivery a car was completely at the disposal of the Centre, by sale or otherwise, unless and until the agreement was determined by either party or the Centre went into liquidation or was in default under the agreement.

Although Alfa remained owner until the occurrence of owner until the occurrence of events specified in the agree-ment, the car was not in any real sense available to it or at its disposal. Also, although the Centre was entitled to return

trade in the cars as soon as they had been delivered to it. He would be rather startled by the suggestion that the cars did not become part of the Centre's trading stock. become part of the Centre's trading stock.

But the Revenue said that was Parliament's intention as expressed in the Act. It submitted that if the definition of trading stock was incorporated into paragraph 9(1)(a) and (b) of Schedule 5 to the Act, those provisions referred to "its" property sold in the ordinary course of its trade.

Then it was said that "property" was a word which con-

perty" was a word which con-noted ownership and that "its trading stock" referred only to trading stock owned by the

The fallacy in that submission was the assumption that "property" as it appeared in paragraph 29(1) commoted ownership. It only did that when governed by some other word, for example

a possessive pronoun.

In paragraph 29(1) it was not so governed. Its function there was not to describe something which was possessed by some particular trader but, by making use of the well-known terms of "real property" and "personal property," to identify those things which, subject to subparagraph (2), were embraced in the succeeding words in (a) and (b).

and (b).
Clearly it included the cars in the present case.

The correct course was to read

Revenue Solicitor). paragraph 9(1) as referring to "its cars such as were sold in the ordinary course of its trade." Mr Park said those words still

got rid of the word "property" the reasoning of the Commissioners and of Mr Justice Nicholls on that point was unanswerable.

Mr Park submitted that what the Centre owned was not the cars but choses in action to car was sold to a customer of the In practice it was the Centre and not Alfa which retained the of the car between delives, sale to a customer.

The question was whether a trader's entitlement to stock relief under the Finance Act 1976 depended on his being owner of the stock. Both the owner of the stock Both the land that it it it did not assist in determining whether the application of paradapanded on the sums which it had paid to Alfa under the agreement, and to assert counership of the cars on the occurrence of other specified

whether the application of para-graph 9(1) depended on the trader's ownership of the stock. Mr Park also said that Mr Justice Nicholls had deferred The Revenue maintained that excessively to the accountants

that view was incorrect.

Anyone who looked at the arrangement in the present case without the material provisions of the 1976 Act would conclude that it enabled the Centre to commercial reality of the statute was more concerned with perfectly correct. Mr Park submitted that the

cars were properly to be regarded as part of Alfa's trading stock.

To include the cars which had been delivered to the taxpayer and to exclude the sums which had been received in respect of them would not give a true and fair view of Alfa's affairs. The

commercial reality was that the cars and the money would stay where they were.

Moreover, the practice of allowing the Centre to retain the benefit of any rise in price meant that Alfa would never

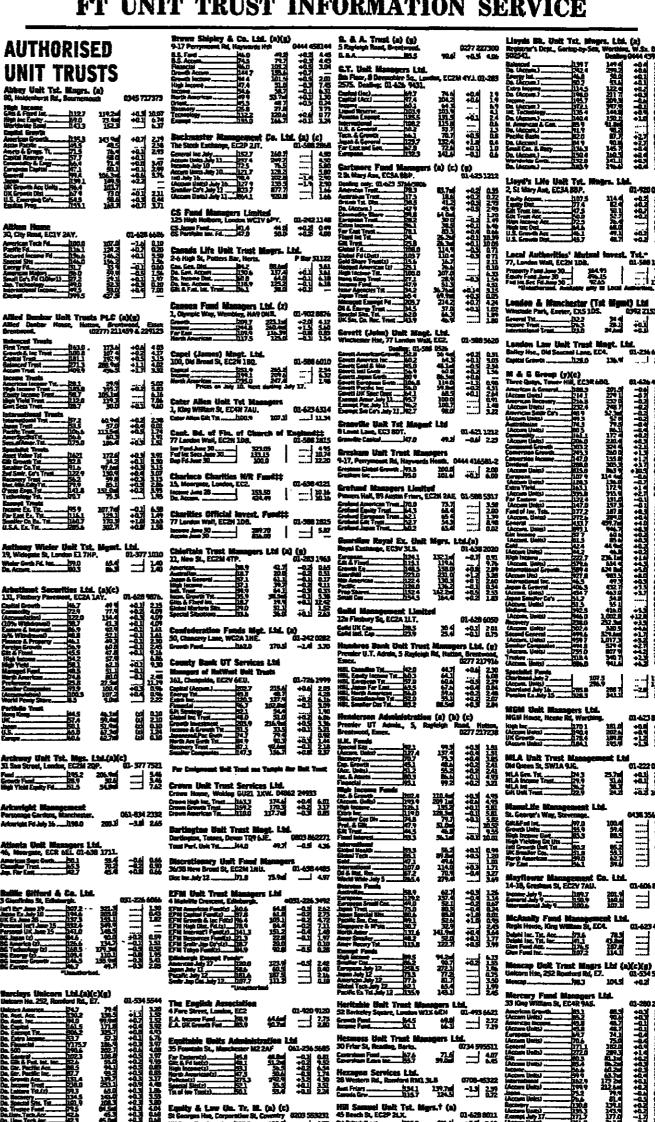
receive any more for its own pocket.

The true and fair view was that the cars had left Alfa's books and that eash receipts had taken their place.

Parliament was not to be credited with an intention to ignore the commercial realities of cases such as the present and to hang the entitlement to stock relief on the bare pegs of ownership. Entitlement to relief was a question of fact and degree to be decided in the particular circumstances of the

The appeal was dismissed. For the Revenue: Andrew Park QC and Alan Moses (Inland For the Centre: David Milne (Titmuss Sainer & Webb). By Rachel Davies

FT UNIT TRUST INFORMATION SERVICE



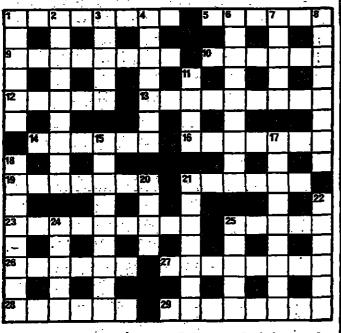
F.T. CROSSWORD PUZZLE No. 5,771.

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When help is needed, please

help him and his dependants

In war, in peace \ you need his help



- 1 Celebrated gent seen to take the initiative (5, 3) Kind of colour worn by man (6)
- Respect I possibly show those that have paid (8) 10 County clubs (6) 12 Bolt together? (5)
- 12 Bolt together? (5)
 13 Gregarious type of barman should be (4, 5)
 14 A comparison which makes one break into a grin (6)
 16 Place to thicken stew (7)
 19 Retired train-bearer? (7)
 21 A brass instrument (6)
 23 Again determined how many should be told (9)
 25 Bad organisation (5)
 26 Gloss over (6)
- 26 Gloss over (6) 27 The last thing a crowd will
- do (8) 28 Politician in new test case appeals (6)
 29 Didn't stay uninhabited (8)
- DOWN
- 1 It smoothly finishes off a piece of writing (6)
 2 Her action disturbs a solitary person (9)
 3 Now and again (5)
- 4 Tiredness may lead failure under stress (7) 6 A final demand? (9)
- (5) Sinner he reformed to put in a hallowed place (8)

 11 It's meat and drink to the Germans (4)
 15 Indiscreet and saucy? About right (9)
 17 Precipitate way the staff leave school assembly? (4, 5)
 18 Ragged retinues, hungry and
 - rapacious (8)
 About to include it in the ceremony (4)
- ceremony (4)
 21 Painstaking preparation (7)
 22 Work hard to complete a
 butt (3-3)
 24 Lure many to injury (5)
 25 Drawing the French
 Canadian emblem (5) Solution to Puzzle No 5,770.



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Bank of Ireland

announces that with effect from close of business on the 17th July, 1985 its

Base Rate for Lending is reduced from 12.75% to 12.% per annum

Bank & Ireland

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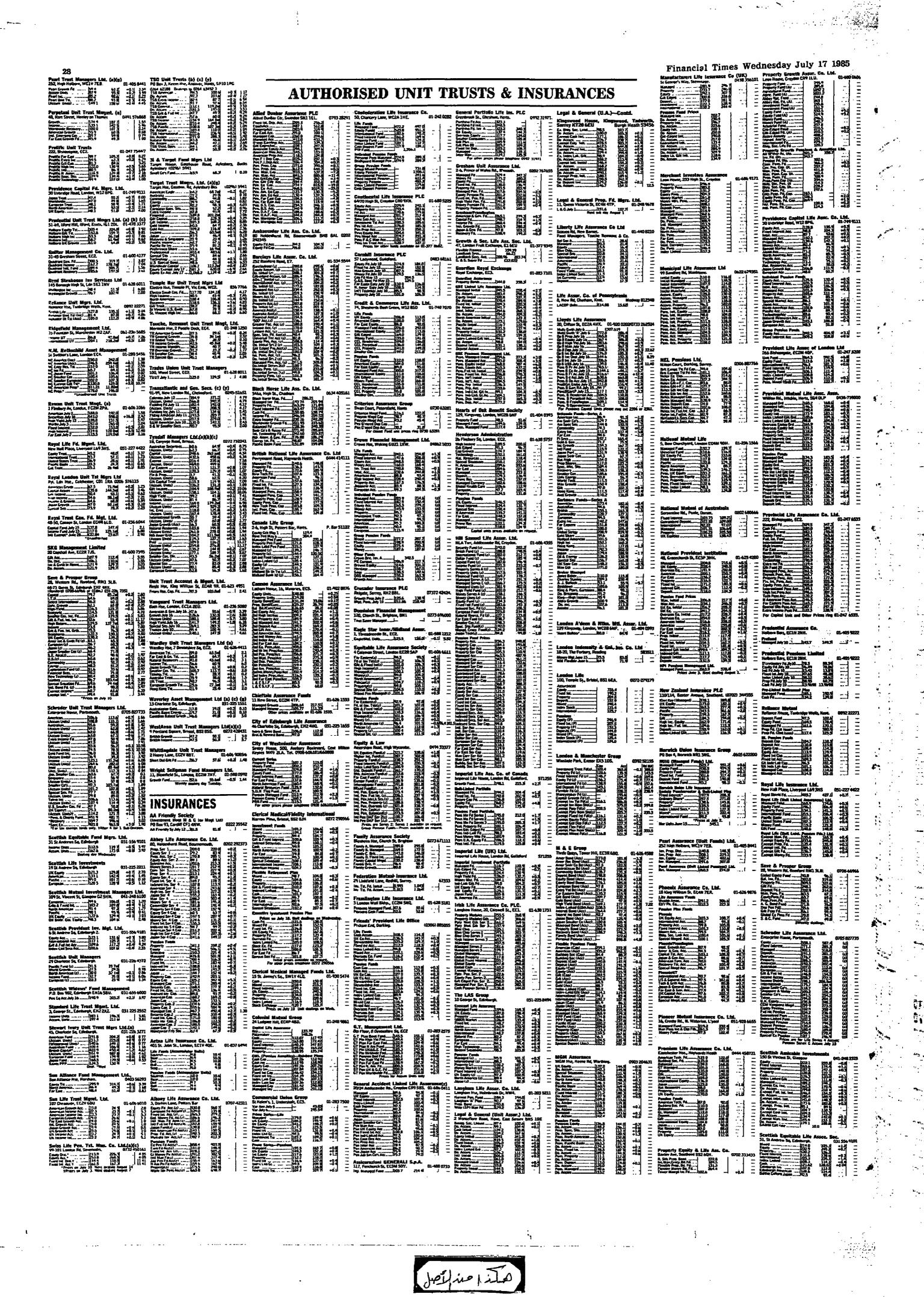
announces that with effect from Wednesday, 17th July 1985 its Base rate is reduced from $12\frac{1}{2}\%$ to 12% per annum

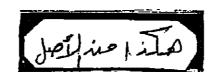
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Financial Times Wednesday July 17 1985 INSURANCE, OVERSEAS & MONEY FUNDS +62 | U.S. Deter | SSI.0.04 | +0.01 | American Assessivi | ST2 99 | 76.64 | American Assessivi | ST2 99 | American Assessi is. Peter Part, Guernier, C.L. 18 421.11 +551 252 ent Mignet Intl SA Money Market Oppenheimer Manay N 66 Carron St. EC4N 6AE ment Ltd. | Po Box 257, Grand Chyman, BWI | Decision Agents: 01.639 2013 EDCLS B HAV July 16.... \$10.56 | +0.06

Japanese steel mills concede price rises for iron ore

Australia's main iron ore pro-ducers, Hamersley and Mt New-man, have finally succeeded in wringing a price increase out of wringing a price increase out of Japan's steelmakers, bringing this year's unusually protracted round of price negotiations in the international iron ore market to an end.

The deal, which gives the Australian companies price increases of 1.42 per cent for iron ore fines and 2.2 per cent for lump ore over their 1984 levels, was struck at the end

levels, was struck at the end of last week, four months after new iron ore prices were due to come into force in Japan. It is backdated to April I.

The new prices mark a scaling down of the Australians' earlier

The steelmakers will be relieved to have kept the price increases down, but for their part, the mines have at least been able to reverse the trend of the last two years, when

Iron ore prices agreed between Hamersley, Mt Newman and Japanese steelmakers (in cents per long ton Fe unit, f.o.b.)

1985

31.55

prices fell by some 20 per cent

talks. down of the Australians' earlier hopes of obtaining big price increases from the Japanese steelmakers, led by Nippon Steel Corporation.

The increases are also significantly lower than those obtained by Hamersley and Mt Newman in talks with European steel companies earlier this year—a rise of 4.25 per cent for fines and 6.4 per cent for lump ore.

The deal effectively marks the European market increased last year from 11 per cent to around 14 per cent. And the small tonnage outstanding. But it will not be long before the two sides are squaring up for another round of price talks.

With somewhat less gloomy forecasts being made for world raw steel output, and the possibility that supply and demand for iron ore could move closer.

The Australians' share of the European market increased last year from 11 per cent to around 14 per cent. And the two sides are squaring up for another round of price talks.

With somewhat less gloomy forecasts being made for world raw steel output, and the possibility that supply and demand for iron ore could move closer.

to a balance by the end of the decade, the producers are now looking to consolidate gains achieved this

lation in trading circles that the Japanese steel mines promised improved conditions in 1986 in mproved conditions in 1990 in return for moderate price increases this year.

But the mills maintain that their own markets have not

almost certainly be as hard fought as the one just com-pleted. Competition in the iron

CADMIUM: European free

Canadian copper mine to reopen

BY BERNARD SIMON IN TORONTO

NORANDA. mining group, is to reopen its Bell Copper Mine in central British Columbia thanks to power tariff and tax concessions granted by the provincial government and workers' accept-ance of a wage freeze for the years of the mine's life.

Noranda did not disclose at what rate the mine will operate when it reopens in Sentember to a reduction of government assistance. The company will distribute 10 per cent of pre-tax profits to about 250 recalled workers.

In the nine months before it needs a copper price of around was closed in October 1982, it 75 U.S. cents a pound to break milled 3.7m tonnes of ore, producing 11,450 tonnes of copper, prices are between 65 and 69 as well as 30,000 ounces of cents a pound.
silver and 11,200 ounces of gold. Weekly metals prices as The mill has a capacity of supplied by Metal Bulletin 17,000 tonnes of ore a day.

Mr John Kalmet, Noranda's general manager for mines in British Columbia, said that Bell will earn "marginal profits at best" for the next two years, but should be profitable in 1988. Concessions agreed by the

the Canadian provincial government include a 37 per cent discount on elec-tricity rates to a maximum of C\$5m a year, and cuts in property taxes totalling C\$420,000.
Three-quarters of any increase in copper prices will be applied

cents a pound.

ANTIMONY: European free market, 99.6 per cent, \$ per tonne, in warehouse, 2,315-2,880. BISMUTH: European free market, min. 99.95 per cent, \$ per lb, tonne lots in warehouse, 4.05-4.20.

mraket, min. 99.95 per cent, \$ per lb, in warehouse, ingots, 0.70-0.75, sticks, 0.74-0.79. COBALT: European free market, 99.5 per cent. \$ per lb, in warehouse, 11.30-11.45.

MERCURY: European free market, min. 99.99 per cent. \$ per flask, in warehouse, 287-296. MOLYBDENUM: European free market, drummed molybdic oxide, \$ per lb Mo, in ware-house, 3.15-3.25.

SELENIUM: European free market, min. 99.5 per cent, \$ per lb, in warehouse, 6.30-6.80. TUNGSTEN ORE: European free market, standard min. 65 per cent, \$ per tonne unit, WO, cif, 60.69.

vANADIUM: European Free market, min. 98 per cent V;O₅, other sources, \$ per lb V₂O₅, cif. 2.13-2.23. URANIUM: Nuexco exchange value, \$ per lb, U₁O₄, 15.00.

Milk import fears ease after EEC health deal

EEC FARM MINISTERS yester day agreed a directive laying out new plans for harmonising milk quality standards. Indeed, there is some specu-

The deal means UK officials now hope the European Commission will drop its action against Britain in the European Court over its restrictions against imports Court over its restrictions against imports.

The legal moves were taken against the UK last December after complaints that its rules requiring all milk imports to be subject to costly heat treatment, represented a retraint on trade. improved sufficiently to justify additional raw material costs. The next round of talks will

pleted. Competition in the iron ore market is on the increase. The Australians' share of the European market increased last year from 11 per cent to around 14 per cent. And the Western Australian Government warned recently that Brazilian suppliers may become more aggressive in Asia once large amounts of ore from the Carajas project start flooding onto the market. The British justified the regu-lations on the grounds that foreign milk controls failed to meet the necessary health standards. However, a similar action in the court against Britain's rules for ultraheat treated (long-life) milk, had been suc-

cessful earlier in 1984.
Although London subsequently acted on this judgment. it was feared that the preceden paved the way to free access for cheap milk from overseas with

dire consequences for the domestic dairy industry.

Yesterday's agreement aims to raise Community health and treatment standards to the UK

requirements in two stages—the first to be completed by 1989, and the second by 1994.

Mr Michael Jopling, the UK Farm Minister, expressed satisfaction with the decision, adding that he hand the Commission. that he hoped the Commission would now drop its action.
"I am confident that our industry is well able to com-

pete with foreign supplies and it may well present it with export opportunities," he said.

Britain's National Farmers' Union (NFU) said it welcomed the council of ministers' armen. the council of ministers' agree

It said there was provision for two sets of standards, the higher of which could be applied immediately by countries whose domestic supplies already reached it. "This will enable the UK to apply the same high standards which are already met by domestic pro-duction to any imports of pasteurised milk," the union

Rubber pact plans review

BY WONG SULONG IN KUALA LUMPUR

THE KUALA Lumpur-based#Bialaysian/Singapore cents a THE KUALA Lumpur-based Malaysian/Singapore cents a International Natural Rubber, Ikilo.

Organisation (Inro) is candal According to Inro officials, vassing its 33 members in producing members favour order to set a date for a special, having the special session early council session to review its him September to coincide with a buffer stock operations now regular meeting that would distinct it has accumulated 300,000 custs the appointment of a new tonnes of rubber.

Linder the Inro regulations in succeed Malaysian/Singapore cents a language of the second second control of the second second control of the second second control of the second

·funds

Industrial action threatens

Surinam bauxite industry

that it has accumulated 300,000 ccuss the appointment of a new tonnes of rubber.

Under the Inro regulations, succeed Mr Harvey Adams, who once the level of 300,000 tonnes is reached, a special session has to be called to discuss, among other things, a downward revision in the Inro price range, and further financial contributions from members.

The rules provide for an employ the stock manager, to buffer stock manager, to be there in consumers, and in particular, the U.S., want the special session to be held as soon as possible as they feel there are important issues to be thrashed out.

The rules provide for an automatic 3 per cent downward revision of the reference price of 208 Malaysia/Singapore cents a kilo (used for calculations) ing the buying and selling prices by the bufferstock manager) if Inro members canprices by the bufferstock manager) if Inro members cannot reach consensus on whether to retain the present price or revise it downwards by a nominal percentage.

The 300,000 tonne mark was in mid-June for 100m ringgit.

The manager can continue to have when the state of the sta

breached last Friday after the buy rubber up to 400,000 tonnes, buffer stock manager bought, and beyond that there is a conheavily in the market to proply tingency plan in the Inro agreeprices one cent above the ment for additional stockpile of "must buy" level of 16644150,000 tonnes.

BY CANUTE JAMES IN KINGSTON

Rubber traders say the steady decline in prices in recent weeks was mainly due to the slowdown in tyre production in the U.S., the start of the summer holidays in Europe and a mild wintering season in Malaysia.

Datuk Paul Leong, the Malaysian Primary Industries Minister, said the medium-term prospects for rubber are not good because production is increasing faster than demand. The International Natural Rubber Organisation (Inro) has received nearly 80m ringgit

soon as possible as they feel there are important issues to be thrashed out. received nearly 80m ringgit from member countries to finance further purchases of rubber for its buffer stock, These include the financial capability of the buffer stock to continue to support the market and the views of members on the prospect of further calls for Inro officials said, yesterday, reports Reuter.

Members sent the funds in

response to Inro's request last month for a total of 100m ringgit in contributions to be paid by July 15. The outstanding 20m ringgit from certain members is expected to arrive soon.

The latest request for funds is its fifth since October 1981 and brings to about 800m ringgit the total called up for buffer stock operations so far.

to cease whaling in **Antarctic** Financial Times Reporter

THE Soviet Union announced yesterday that it will cease commercial whaling in the Antarctic temporarity starting The announcement come during the annual meeting of

Soviet Union

the 40-nation International
Whaling Commission in
Bournemouth, which went into
closed session yesterday to
discuss the world's whale The IWC has fixed an inter-

national moratorium commercial whaling on from commercial whaling from November this year, but three nations, including the Soviet Union, maintained formal Union, maintaine objections to this.

Yesterday, however, Soviet commissioner to annual meeting, Dr L Nikonorov, issued a statement, saying: "The Soviet Union plans a temporary stop in Antarctic commercial whaling from the 1987-88 season due to

"Until then, whaling will be conducted in accordance with the scientific committee recommendations."

This will bring the Soviet Union into line with Japan, which in April this year reluctantly agreed to stop commercial whaling from 1988 after coming under pressure from the U.S.

The Soviet statement added: "At present most members of the IWC have stopped or intend to stop commercial whaling. This creates a new situation in the commission and cannot but lead to modifications in the main directions of its activities.

"Under the new conditions the commission's functions with regard to regulation of whaling will recede, excluding aboriginal whaling. Scientific research and conservation tasks move to the forefront, and this is quite understandable.
"Our main task is to provide

for recovery of depleted stocks.
Only such mode of activities

LIVE CATTLE 40,000 lb, cents/lb

LIVE HOGS 30,000 lb, cents/lb

44.32 45.40 43.30 45.65 45.97 45.90

Close 272.6 249.6 241.6 249.4 253.6 253.4 238.2

July Sept Dec Marci May July Sept

High 274.4 252.0 244.4 253.0 257.4 257.0 241.4

PORK BELLIES 38,000 fb, cents/lb

SOYABEANS 5,000 bu min, cents/60ib-

High 569.2 569.2 570.0 577.4 587.4 598.4 607.0 510.0 605.0

High 131.5 132.6 135.4 138.2 143.5 145.5 161.0 154.0 159.0

SOYABEAN OIL 60,000 fb. cents/fb

Low 128.0 129.1 132.0 134.2 139.5 142.2 146.0 150.5 154.0

SOYABEAN MEAL 100 tons, \$/ton

561.0 560.2 561.2 567.4 577.4 589.4 596.2 597.4

Close 128.8 130.1 132.4 135.2 140.5 143.3 146.3 151.0

Low 271.4 249.4 241.2 249.4 263.4 263.2 238.0

H MARKETS

CHICAGO

LONDON MARKETS

COCOA AND coffee futures firmed in Loudon yesterday in technical rallies following recent heavy declines.

The September delivery cocoa position ended the day £15.50 higher at £1,683 a tonne, a few pounds below the day's high. Traders said the rally featured buying by sold the market short. Some reported.
There was little reaction to

reports of beneficial rains in African growing

September coffee futures finished £10.50 up at £1,648 a tonne after opening weak. Dealers attributed the upturn to "nervous short-covering. The market has been oversold for some time, they added, and an upward correction was inevitable.

LME prices supplied by Amalgamated Metal Trading ALUMINIUM

	Unofficial + or High/low close(p.m.) — High/low
Cash 3 months	757.5 8.5 + 18.5 768.5-5 + 12.25 762:750
(722-3); ti	closing (sm): Cash 734-5 hree months 754.5-5.5 (744- ment 735 (723). Final Kerb 5-2, Turnover: 42,380 tonnes.

COPPER

Official closing (am): Cosh 1063-5 (1036-5): three months 1057-8 (1045-5): settlement 1053.5 (1036.5). Final Karb Close: 1059-60.

Official closing (am): Cash 1023-4 (1010-1): three months 1039-40 (1025-7): settlement 1024 (1011). Turnover: 35,400 tonnes. U.S. Producer prices 85,00-69.00 conts per pount. LEAD

	close(p.m.) L per to		High/Low
Cash 3 months	289 90 293.5-3	+5.0 +5.0	286,5:286 234,5/290
(28825); 2); sottle Kerb Clos	closing (a three mon ment 286.! se: 292-3. .S. Spot:	the 291- 5 (288.2 Turnov	.5 (291 5- 5). Fingl er: 6.600
NICK	EL		

	Unofficial + or close(p.m.) — * per tonne	High: let
Cash 3 months	3640 50 + 67.5 3890 5 + 46.0	3660:3830
(3575-8): t	closing (am); Cs hree months 3690- 3640 (3578), i 0-80. Turnover: 1,0	5 (3636-8) Firist Kerl

· · · · ·	į	Unoffici 'ottip.n 'bor		High: low
Cash 3 months	-:	535 5 526-8	+ 19.0 + 18.5	52 9.511
Official (511-3); 1	cl	osing (am): Ca	sh 531-2 (504-5):

ZINC ### 1532 (513) Final Kerb Close: Turnover: 9,600 tennes. U.S. Western: 41.50-44.75 cents per

MAIN PHI	CE CHA	NGES	otherwise stated.	
METALS	July 16 + 1985 -		OILS .	or Month
Aluminium Free Mkt	E1100	E1100 0 \$1050/096		-35 18595 8570
Copper Cash h Grade 3 mths Gold troy oz	. £1067.25;+9 . \$319.75 +3	.5 E1138.76 .25 2324.75		8370 £233.7
Lead Cash	. £293.76; + 5 . 229/268c ; + 3	£305,25 252/282c	Barley Fut. Nov. :£100,60; + Maize :£141,90z Wheat Fut Nov. £100,95;	£146,51
Platinum oz Quicksilvert Silver troy oz	. \$270.50 + 3 \$285/255	\$280/298	OTHERS Cocca Ft. Sept. £1683 14	15.5£1717.
å mths Tin cash 3 mths Tungsten Wolfram 22 041b Zinc	#51,15c:+2 £9122.5 +4 £9120.5 +8 #72,75 #68.62 #534 +1	.48 504,15p 0 £9595 8 £9485 \$75,39 \$56,60 9 £569	Coffee Ft. Sept. £1648 Cotton A Index 61.40c Cas Oil Sept. 8215.8 Chuber (kilo) 65p Sugar (raw) 382zw	5 £2071. -0.8 62,70c -0.25 \$211 67p -2.5 \$92,5
3 mths Producers .	[9527 j+1	B.L £566.5 J880	‡ Unquoted. u Aug. w Sept. z July-Aug. † Per	x Aug-Sept

1	GRA
gradestinofficial	The

	High grade	Unofficial close(p.m) £ per t), '—	Highi/low for day
w	Cash 3 months	9120-5 9120-1	+ 55,0 + 38.5	9072:9972
-	(9050-5); t	closing (a hree month 9071 (9055	s 9070-5	sh 9070-1 i (9060-5);
_	Standard			

Gash 9120-5 +40,0 9070-9070 5 months 9120-1 +38,0 9120-9111 Official closing (am): Cash 9070-1 (3050-5); three months 9070-1 (9060-1); scrtloment 9071 (9055), Final Kerb Close: 9] 4-5, Turnover: 1,920 tonnes. Straits un \$m30.65 (30.65) kilo.

Gold rose \$3½ an ownce from Monday's close in the London bullion mortest yesterday to finish at \$3192-\$320. The metal opened at \$317-\$3172 and traded between a high of \$322-\$321½ and a low of \$3162-\$3162. Values were marked up on rongwad short covering with the dollar's weaker trend apparently giving further cause for positions.

gold and platinum coins

SILVER

Silver was fixed 2.4p an ounce higher for spot delivery in the London bullion marker yesterday at 438,55p. U.S. cent equivalents of the fixing levels were: spot 610.0c. up 2c; three-month 621.6c, up 2c; six-month 633.75c, up 2.1c; and 12-month 660.05c, up 2 4c. The metal opened at 436-441-2p (618-621c).

Buttlen + er L.M.E. + or fixing p.m. Unoffic'i Three months high 458, low 450.5, linal kerb 457-8. POTATOES

AINS

The market dropped 20-30p on light country selling on a lacklustre morning but reguined the losses when trading picked up, reports Muirpace. BARLEY Yesterd'ys + cr Yesterdys + or close | -

Business done—Wheat: Sept 97.30-7.20, Nov 100.95-0.65, Jan 104.86-4.50, Mar 107.75-7.70, May 111.65-1.20. Sales: 116 lots of 100 tonnes. Barley: Sept 96.95-6.70. Nov 100.60-0.50, Jan 104.25-4.15, Mar 107.40 only, May 110

tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring no 1 15 per cent Aug/Sapt 123.50, Oct 125, Nov 130 salters transhipment east coast, U.S. no 2 soft red winter Aug 110 25, Sept 112.25, Oct 115 25, Nov 118.25 sellers. EC July 116 selfer. English feed fob Aug/first half Sept 97.75 paid east coast, Sept 98, Oct/Dec 103.50, Jan/Mar 109 sellers east coast. Matte; U.S. no 3 yellow/Fronch transhipment east coast July/Aug 141 sellers Barley: English feed fob Aug 110 25, Sept 112.25, Oct 115.25, Nov 118.25 sellers east coast. Rest unquoted.

COCOA

After rallying on short-covering, price-iring and trade buying based on tronger physicals, the market fell back to to arbitrage selling.

Sales: 3.026 (3,400) lots of 10 tonnes.
ICCO indicator prices (U.S. cents per pound). Daily price for July 16, 93.67 (99.02); five-day average for July 17; 100.52 (100.89).

RUBBER

The London physical market opened slightly steader, ruled irregular following INRO enquines and closed uncertain, reports Lewis and Pear. Crosing prices (buyers): sort 85 Oop (same); Aug 62.00a (61.00p); Sent 61.50p (61.00p). The Kuele Lumpur fob price for RRS No 1 was 193.0

INDICES FINANCIAL TIMES

July 15 July 12 M'th ago Year ago 266.85 268.39 284.60 299.99 (Base: July 1 1952 = 100)

REUTERS July 16 July 15 Mith ago Yearago

DOW JONES Dow: July | July | Month Year Jones 15 | 12 | ago | ago

Commission house selling during a fairly active morning prompted losses of £15-22, raports DBL. A steady New York market and a minor retracement in sterling encouraged a graduel recovery for values to finish on a famer, more

Sales: 4,495 (5,340) lots of 5 tonnes. ICO indicator prices (U.S. cents per pound) for July 15: Comp daily 1973 120 48 (121.93): 15-day average 126.51 (127.17).

SUGAR

LONDON DAILY PRICE—Raw sugar \$2.00 (59,00), down \$2.50 (down 12.00) a tone for July-Aug-Sept delivery. Whits sugar \$730.50 un-

Sales: 1,881 (788) lots of 50 tonnes. Tate and Lyte delivery price for granulated basis eugar was £161.00 (£163.00) a tonne for export. International Sugar Agreement—(U.S. cants per pound (ob and stowed Caribbeen ports.) Prices for July 16: Daily price 2.88 (2.80): 15-day average 2.74 (2.74). SOYABEAN MEAL

The market opened 50p down in very dull trading conditions, reports T. G. Roddick. Prices remained within narrow ranges until 88 sing on commission house selling.

LIVERPOOL—No spot or shipment sales were recorded, Operations were at minimum levels.

started this week by bauxite miners in Surinam will bring further pressures on an already The action by the miners weakened industry which accounts for 80 per cent of the the industry in the former Dutch colony in South America. country's exports. The workers at the mines, owned by Billiton, one of the two iron ore companies operat-Last year Billiton and Suralco suffered a combined loss of

Refining costs, however, have averaged \$165 per tonne, higher than prevailing market prices.

It was this which led to two non to country, are seeking to support wage demands at a time when the industry is financially strapped. The industrial action follows efforts to rationalise Surinam's bauxite mining and refining, and aluminium smelting, to cut efforts by the government and the industry to rationalise production costs, a part of which is the agreement on the wage

production costs. Workers at the Surinam Alu-More difficult for the industry minium Company (Suralco), a will be the implementation of wholly owned subsidiary of the a planned reduction in the aluminium company of the U.S., a dancies.

AN INDEFINITE work to rule months ago as part of an effort started this week by bauxite to keep the industry on its feet. there are no plans for a cutback in the company's Surinam operations.

If the company is forced to

reduce operations Billiton will be adversely affected. The company last year bought a 45 per cent stake in Suralco's 1.4m tonne refinery, the largest on the continent.

Government officials and representatives of Suralco say

The likelihood of a reduction in operations follows Alcoa's withdrawal from mining in the Dominican Republic two years ago, and its closure earlier this year of its 800,000 tonne a year definery in central Jamaica.

COTTON 50,000 lb, cents/lb

61.18 62.00 61.90 61.72 56.92 56.25

HEATING OIL 42,000 U.S. gallons,

68.00 67.25

ORANGE JUICE 15,000 lb, cents/lb

134.00 131.85 131.85 131.85 131.85 131.85

Prev 612.1 614.3 618.5 630.5 634.8 643.0 651.7 661.2 671.3 686.5

Low 268.5 268.0 273.0 278.0

Prev 44,85 46,05 46,35 46,55 47,35 48,06 48,75 49,46 50,86

Prev 133.25 135.48 137.45 137.59 137.70 136.75 136.88

CRUDE OIL (LIGHT) 42,000 U.S. gallons, \$/barrals

Close High Low 60.96 \$1.49 60.85

61.74 62.46 62.80 62.55 58.10 67.95

61.15 61.85 61.90 61.60 58.90 58.90

Suralco also took a 24 per gives us grounds to expect that cent share in the country's it will be possible to recombargest mine at Onverwacht, owned and operated by Billiton.

U.S. MARKETS

steady despite an increase in

tracted scattered trade sup-

port on an oversold condi-tion. Cotton came under pres-

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

47.90

High 134.90 136.80 138.80 139.15 139.10 139.30

High

327.5 331.0 335.5 338.9 344.9 347.0

323.5 317.4

320.7 325.0 331.5 333.4 344.9 344.0

GOLD 100 troy ez, \$/troy ez

Close 320.0 321.0 32.28 324.6 322.8 337.0 41.6 346.4 351.4 351.4 361.9 367.3

PRECIOUS METALS firmed reflecting concern over Pre-sident Reagan's health and on

Brent firmed about 15c in thin tradIng. There were some exchanges from
September into August, at a 60c
premium. Nymex opened unchanged
for August end traded 5c down at 1 pm
EST. The petroleum product market
was stable. Germen demand, attracted
by the weak doller, supported gas oil
berge and cargo prices—Petroleum
Argus, London. sident Reagan's health and on technical buying, reports Heinold Commodities. Copper traded higher on a narrowing of the contango in London which could indicate developing supply tightness. Sugar rallied on short-covering ahead of the EEC export tender today Cacoa remained standy despite an increase in

sure due to lacklustre de-mand. Heating oil lost ground in sideways choppy action ahead of the API stock action ahead of the API stock report and the Opec meeting. Grains and soyabeans came under heavy pressure on forecasts of more moderate temperatures and increased probability of precipitation. Soya meal came under heavy pressure as demand in Europe disappeared and cash meal traded as much as \$7 below efficial spot quotations.

PRODUCTS—North West Europe Prompt delivery cif (\$ per tonne)

GAS OIL FUTURES Yest'day's + or Business Close - Done

Turnover: 710 (415)

POTATOES

The market broke new low ground, hitting stop-loss selling orders and registering losess of almost £2.00, because April Prolit-taking lifted values slightly towards the close, reports Coley and Harper.

£ per tonne 5,10 | 56,90 3,50 | 54,90 3,50 | 75,00 9,60 | 81,00 55.10 68.50 78.50 79.60

August longs squeezed the spo nonth and forward months rose in sym

The lows were reached on the open-ing prior to strong trade buying which pushed prices up 8-15 points before middey. Profit-teking and a lower spot eased afternoon values amidst good two-way trading, reports Clarkson Wolff. The Baltic Freight Index was 773, down 2.5.

p. per Nilo (deadweight) --- 106,70 | 104,20 | 186,91-194,18 106,70 | 196,40 | 186,70 107,20 | 106,50 | 187,56-187,90 99,20 | 98,70 | 99,00,86,80 --- 99,50 | 98,80 | 38,88,80 --- 98,50 | 97,90 | 98,80 Sales: 35 (53) jota of 50 carcase: 3,250 kgs. FREIGHT FUTURES

OTHER MARKETS

JUTE—July/August shipment c and f Dundee BTC \$550, BWC \$545, BTD \$525, BWD \$520; c and f Antwerp BTC \$550, BWC \$545, BTD \$525, SWD \$520; c and f Dundee ev-India July shipment 40 in 10 az £20,74, 40 in 7.5 az £15.13; B twills £58.09. **WOOL FUTURES**

SUGAR—(FFr per tonne): Oct 1150-1154, Dec 1150-1160, Mar 1162-1170, May 1185-1200, Aug 1220-1224, Oct 1250-1270. COCOA—(FFr per 100 kg): Jul 2140 ask. Sep 2020-2024, Dec 2005-2010, Mar 2016-2022, May 2020 bid, Jul 2025 bid, Sep 2030 bid. HIDES

MEAT MEAT COMMISSION—Average fat-stock prices at representative markets. GB—Cattle 95.80p per kg lw (-0.82). GB—Sheep 154.13p per kg est (-0.37). GB—Pigs 74.12p per kg lw

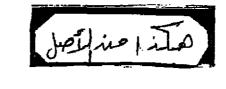
SPOT PRICES — Chicago loose lard 18.00 (sama) centa per pound. New York the 578.0-82.0 (578.0-80.0) centa per pound. Handy and Harman silver buillon 518.0 (807.0) cents per troy

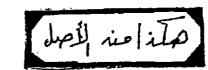
SMITHFIELD—Pancs per pound.

Beet—Scotch killed sides 76.0-81.0;
English forequarters 53.0-56.0; Ulster hindquarters 86.0-92 0 Vest—Dutied and anda 141.0-145.5 Lamb—English small 66.0-72.0, medium 64.0-68.0, hoavy 62.0-64 0; Imported: New Zaaland Pt. 65.0-65.5, PX 64.5-65.5.

Pork—English under 100 ih 45.0-58 0.

172-120 ib 48.5-53.5, 120-160 ib 42.0-48.0.





CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Soviet

Dollar quiet and steady

The dollar paused for breath figures, the dollar's exchange to a narrow range. Expectations in currency markets yesterday rate index fell to 138.2 from of a further cut in base rates after its recent sharp downturn. There were no new economic factors to influence trading while news of President Reagan's operation failed to have any lasting impact. The U.S. unit attracted a little bit of short covering but no new trend developed with traders waiting for today's testi-

grown in 8.5. money supply above Federal targets.

The dollar closed at DM 2.8860 up from DM 2.8770 and y237.70 compared with Y237.65. It finished at SwFr 2.3930 against the Swiss franc from SwFr 2.3920 and was firmer against the French franc at FFr 8.7575 from

STERLING — Trading range although the authorities have gainst the dollar in 1985 is clearly signalled their preference STERLING — Trading range against the dollar in 1985 is 1.3885 to 1.0525. June average 1.2813. Exchange rate index 83.1 down from 83.2, having against the dollar compared with touched a low of 83.0 in the image of the afternoon.

Sterling showed very little overall change in rather feature-less trading Much of the pound's less trading. Much of the pound's the ven it eased slightly to recent impetus has stemmed 1.500.00 from 1.500.00

traders waiting for today's testimony to Congress by Mr Paul
Sterling showed very little
Volker, chairman of the Fedoverall change in rather featureeral reserve board. There was less trading, Much of the pound's
also little incentive to take out recent impetus has stemmed
fresh positions ahead of tomorrow's revised GNP figures. These with the U.S. unit showing little
are expected to show some downward revision from the 3.1 per
cant firsh estimate.

Part of today's testimony by
Mr Volcker may coincide with a reduction in the discount rate but there has been concern recently over the continued growth in U.S. money supply above Federal tenestral adjusted for Digital Contract of the Con 44.9008 8.14104 2.24184 8.87458 2.52596 0.72569 1403.48 Changes are for Edu, therefore positive change denotes weak currency. Adjustment calculated by Financial Times

POUND SPOT-FORWARD AGAINST POUND

July 16 1.3835-1.3950 1.3875-1.3885 0.54-0.51c pm 1.3740-1.3805 1.378-1.3770 0.01c pm-nar 4.487-4.51½ 4.50-4.51 2½-2½c pm 30.22-80.75 80.55-80.65 22-2½c pm 12.733-1.2204 1.2733-1.2749 0.17-0.08p pm 2.39-4.01½ 4.00-4.01 2½-2½p pm 1.239-235 232-235 115-470c dis 4.54 1.38-1.33pm
4.54 1.38-1.33pm
5.99 87-6pm
5.89 65-59pm
2.87 97-87-pm
1.18 0.34-0.19pm
7.49 76-3pm
-15.03 460-1575dis
-2.09 165-205dis
-0.09 8-13dis
-0.19 7-17-dis
2.34 57-47-pm
3.28 97-70dis
6.36 4.62-4.50pm
6.35 397-36pm
7.88 8-58-pm U.S. Canada Nethind. Belgium Denmark Ireland W. Ger. 1.3835-1.3960 1.3875-1.3865 0.54-0.51c pm 1.3740-1.3806 1.8780-1.8770 0.01c pm-par 4.485-4.512 4.50-4.51 2.22c pm 2.22c pm 1.327-1.442 1.339-14.60 2.22c pm 2.239-4.014 4.00-4.01 2.39-2.25 2.39-2.21 2.22-2.5 2.39-2.21 2.59-2.22 2.59 2.59-2.21 2.59-2.22 2.59 2.59 3.90 0.03 5.49

OTHER CURRENCIES

28.00.28.50 90.85.91.55 14.34.14.49 12.11.12.22 3.961.4.021.2 2585.9620 351.385 4.48.4,52 11.57.11.68 326.236 326.236 326.236 11.64.11.76 3.23.23.2 11.64.11.76 3.70.395

against the dollr in 1985 is 2.4510 to 2.8770 June average 3.0639. Exchange rate index 123.9 against 120.1 six months ago.
The dollar closed at DM 2.8775

in Frankfurt, the same as its opening level. Activity was subdued ahead of the release of further U.S. economic data including a revied GNP figure

STERLING INDEX July 16 Previous 9.00 aza 83.1 10.00 am 83.0 11.00 am 83.1 1.00 pm 83.3 2.00 pm 83.1 3.00 pm 83.1 4.00 pm 83.1

£ IN NEW YORK

|51,3860-1.5878|\$1,5925-1,5585 |0,53-0,50 pm |0,55-0,54 pm | |1,48-1,40 pm |1,37-1,35pm | |4,00-3,90 pm |3,72-5,65pm |

DOLLAR SPOT-FORWARD AGAINST DOLLAR

p.a. months
4.54 1.38-1.33pm
3.36 0.88-0.80pm
-1.47 0.48-0.51dis
-1.39 1.28-1.25pm
-0.33 13-15dis
-1.45 31-34dis
-2.89 2.03-2.04pm
-19.70 500-1300dis
-6.14 270-295dis
-6.14 270-295dis
-4.67 9-9-3-dis
-2.22 5.00-5.30dis
-7.85 15-16-dis
-1.81 0.88-0.93pm
1.56 8-5-pm
1.58 8-5-pm
1.57 pmily premiums and

CURRENCY MOVEMENTS CURRENCY RATES

83,1 138,2 87,0 114,4 90,4 78,9 123,9 144,4 66,5 46,3 158,5

se average 1975=100).

Sterling U.S. S......... Canadian S. Austria Sch. 0,787437, 0,561254 1,02507, 0,779301 Beigign Fr... Danish Kr... Dmark..... Guilder..... French Fr...

EXCHANGE CROSS RATES

July 16	Pound St'rling	U.S. Dollar	Deutschem k	'panesa Ye	n French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Beigian Fran
Pound Starling U.S. Dollar	0.720	1.589	4,005 2,895	880.0 237.7	12.17 8.758	3.320 . 2,393	4,505 5,845	9594. 1868.	1,876 1,561	80.60 58.05
Japanese Yen 1,000	0.250 3.080	0.847 3,206	12:14	82,40 1000	5.057 56.86	0,829 10.06	1 125 - 13.65	647.7 7861,	0.468 5.683	20,12 244,2
French Franc 10 Swiss Franc	0.822 0.301	1.141 0.418	3.292 · 1.206	27 Y.5° 99:40	10. 3,664	2.729 1.	3,703 1,357	2132. 781.3	1.542 0.665	65,26 24,28
Dutch Guilder Italien Lira 1000	0,222 0,386	0,308 0,535	0,889 1 544	78,25 127,2	2,700 4,690	0.737 1,280	1.737	575,8 1000,	0.416 0.723	17.89 31.07
Canadian Dollar Belgian Franc 100	0,533 1,241	0.740 1.722	2,135 4,969	176.0 409.4	6,486 15,09	1,770 4,119	2,402 5,589	1383 3218,	2,327	42,98 100,

EURO-CURRENCY INTEREST RATES (Market closing rates)

			<u> </u>	•								
July 16	Sterling	U.S. Dollar	Canadian Dollar	Outoh Gulider	Swiss Franc	D-mark	French Franc	Italian Lira	Belgia Conv.	A Franc Fin.	Yen	Danish Krone
Short-term 7 days' notice Month Three months Sot months One year	12 6 12 6 12 4 12 6 11 13 13 11 16 11 16	758-754 718-718 718-718 718-718 8 8 18 8 18 8 12	812-9 834-9 878-914 913-946 914-912 976-978	6% 5% 612 5% 636 612 6% 6% 6% 6%	13g-15g 15g-15g 47g-5 5-51g 51g-514 5-g-5-8	518-514 516-514 516-516 516-516 516-516 516-516	94.978 934.978 916.1016 1016.1016 1036.1016 11.1114	1112-1213 1212-13 1234-1314 1338-1334 1378-1414 1448-1478	81g-834 854 9 854-9 87g 71g 9-914 98g-95g	819-834 859-879 859-879 879-918 9 914 914-912	618-6-7- 614-6-7- 614-6-7- 6-7-6-3-8 614-6-7- 6-7-6-8-	912-1012 3 914-1012 912-958 914-954 914-934 912-10

Asian \$ (closing rates in Singapore): Short-term 74-77s per cent; seven days 74-77s per cent; one month 77s-75s per cent; three months 77s-8 per cent; six months 77s-8 per cent; one years 84-87s per cent; Long-term Eurodollars; two years 94-97s per cent; three years 94-10 per cent; four years 107s-107s per ce

MONEY MARKETS

Lower interest rates expected

Interest rates were little changed on the London money market yeterday, but there was a tendency for longer term rates to ease slightly as the short end of the market remained tight. The Bank of England did not spear to provide quite enough help on provide quite enough help on the day. This had the effect of keeping very short rates high and helped to underline the present market intervention rate structure, in the face of speculation about another cut in bank base rates. Three-month inter
In the afternoon a further (5848m bills were purchased of resale to the market (5848m bills were purchased of a fattom was also in band 1 (up to 14 days) at 11½ per cent; followed by the late assistance. Bills maturing in official hands, in band 2 at 11½ per cent; fattom band 3
Frankfurt | Paris

6,21875 6,28125

6,34375

UK clearing banks base lending rate 12 per cent gince July 11-16

bank closed unchanged at 117-12 per cent, but discount houses buying rates for three-month bank bills fell to 1131-111 per cent from 113 per cent. The houses reductance to sell bills outright to the authorities at present intervention rates indicates expectations of a further fall in interest rates.

The Bank of England at first forecast a money market short-age of £1,300m, and revised this to £1,450m around noon, and to £1,500m in the afternoon. Total

FT LONDON INTERBANK FIXING

ــنــ	(11,00 a 3 month	m. July 16) s U.S. dollers
	bid 77/8	offer 8
	6 month	s U.S. dollars
	bid 8	offer 6 1:8
The	fixing rate	are the arithmetic

I liking rates are the arithmetical not. rounded to the nearest one seems, of the bid and offered rates 510m quoted by the market to reference banks at 11 c.m. each king day. The benks are Mational kminater Bank. Bank of Tokyo. Toche Bank, Banqua Nationale de s and Morgan Guaranty Trust.

LONDON MONEY RATES

123₀-12% — 1214-1236 1214 12 12 1134 1136 1858-1859 124-125 185-185 1179-12 115 115 115 124-125 121₆ 12 1113-1213 111₈-111₈

5-51₈

ECGD Fixed Finance IV: Average Rate of Interest period June 5 to July 2 (Inclusive): 12.535 per cent, Local authority and finance houses seven days notice, others seven days' fixed, Finance Houses Base Rate (published by the Finance Houses Association): 13 per cent from July 1 1985. London and Scottish Finance Houses Association): 13 per cent. Benk Deposit Rates for sums at seven days' notice 6.25-6.525 per cent (net). Treasury Bills: Average tender rate of discount 11.4927 per cent. Certificates of Tax Deposits (Fories 6): Deposits £100,000 and over held under one month 12s per cent; one-three months 12 per cent: three-six months 12 per cent. Seven per cent seven per cent. Under £10,000 11 per cent from July 15, Deposits held under Sanes 5 112s per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

141g-141g 1314-141g

144-1456

Discount Houses Deposit and Bill Rates

875 918 9-914

NEW YORK (Lunchtime)

Eurodollars firm

FINANCIAL FUTURES

Dollar denominated interest U.S. GNP figure for the second rate contracts were generally firm yesterday, after a nervous opening. A weaker cash market overnight in the U.S.—reflecting fears about President Reagan's health—led to a weaker start in Eurodollar and U.S. Treasury Eurodollar and U.S. Treasury bond futures, but the contracts soon found support as concern about the President subsided. A psychological barrier of 92.00 was broken in September Eurodollars, and also strong resistance levels in September bonds, taking that contract to a peak of 77.24.

Eurodollars and bonds finished almost at their best, as the buv-

almost at their best, as the buy-ing trend in London was confirmed when Chicago began trading. It is generally antici-pated that Thursday's revised LONDON

HREE-MONTH EURODOLLAR S1m Sept 50.51 — 90.33 Est volume 3.907 (4.696) Previous day's open int 18,346 (19,575) THREE-MONTH STERLING (500,GO) Close High Low Prev
Sept 88.95 88.98 88.90 88.59
Dec 89.27 99.33 89.27 89.27
March 89.40 89.45 89.39 89.45
June 89.43 89.42 89.40 89.40
Sept 89.43 89.42 89.39 88.39
Est volume 1,991 (1,613)
Previous day's open int 6,315 (6,236)

Close High Low Prev
Sept 1.3800 1.3835 1.3775 1.3795
Dec 1.3830 — 1.3870 Sept
March 1.3595 — - 1.3590
Est volume 51 (361)
Previous day's open int (4,509) (4,407)
June DEUTSCHE MARKS DM 125,000 S per Sept Dec March June Sept Dec March June 92.05 91.65 91.55 91.22 91.22 91.12 90.82 90.82 90.72 90.48 90.48 90.45 90.15 90.15 99.86 89.86 89.77 89.86 89.85 89.77 89.57 89.50 | Close High Low Prev | March 89.86 59.86

Close High Low Prev 124.35 125.70 124.20 124.80 125.75 125.60 ume 224 (112) day's open ant 1.510 (1,493) 75-01

quarter will be revised down to 2-2; per cent from the flash esti-

mate of 3.1 per cent, while Mr Paul Volcker, chairman of the Federal Reserve Board, is not expected to say anything to today's testimony before Con-

Buying also increased ahead of publication of the Federal Reserve Board's semi-annual

Gilt futures opened steady, but

met with strong selling by stockjobbers, and closed at the

day's low. Three-month sterling futures rose as the pound held steady on the foreign exchanges,

and rumours continued about another cut in UK bank base

U.S. TREASURY BONDS 8% \$100,000 32nds of 100%

Sept 77-22 77-24 77-08 77-1 Dec 76-20 76-22 76-08 76-0 March 75-20 - 75-0 Est volume 2,217 (1,714) Previous day's open int 2,505 (2,625)

report last night.

CHICAGO

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Company Notices

National Westminster Bank PLC Notice to Preference

Shareholders Notice is hereby given that a dividend of 2.45p per share for the half-year ended 30 June 1985 will be paid on 31 August 1985 to holders of the Cumulative Preference Shares registered in the books of the Company at the close of business on 2 August 1985. By order of the Board EB CULLEN, Secretary 41 Lothbury, London EC2P 2BP 16 July 1985

MOTICE TO HOLDERS OF EUROPEAN DEPOSITAIN RECEIPTS FUNDS LIMITED FUITSAL LIMITED NOTICE IS HEREBY GIVEN that Fuin Limited pad a dividence of Yen 5 00 goo per share on lat July, 1985 to Snaw bolders or record days 31st March, 198 Bolders or record days 31st March, 198 anormal business boars.

Jananesse withholding lan at the of 20 per cent will be deducted the great value of all dividence had a the EDR holder lodges, in a form a abid to the Desportary has a fact presidence in a Country having a fact presidence in a Country having a fact of the Country having a lower rate of withholding tax deducted and the survive of income tax braining in the United Kindends paid the London Deposit of the Country with the United Kindends paid the London Deposit paid the Country with the United Kindends paid the Country with the Coun

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Consolidated Highlights at March 31, 1985

(Dollars in millions*)

212 Net income 12,713 Total assets owned 5,626 Assets under management 470 **Provisions** 1,127 Shareholders' equity

*values expressed in US dollars adopting the lira-dollar exchange rate of end March 1985 (Italian lira 1,979.25 = US\$1.00)

ISTITUTO MOBILIARE ITALIANO

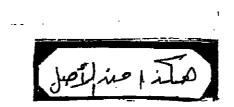
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32



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Financial Times Wednesday	July-17 1985				33
INDUSTRIALS—Continued 1985 Head Str. Year Hage Low Stock Price - Red Cry Gris PE	LEISURE Continued	PROPERTY	120 120 121 127	Stage Stack	1985
201 201	275 132 \$1 \$12 \$47 \$10 \$10 \$10 \$13 \$15 \$4.1 \$12 \$12 \$19.9 \$10 \$10 \$12 \$10 \$10 \$10 \$10 \$10 \$10 \$10 \$10 \$10 \$10	22 25 25 25 25 25 25 25	133 100 Fleening Fleegeling 108	146 80 Inflaments as Per El 28 -2 - -	137 128 Language and St. 128
200 110 Resimble Group 126	## 29 Seek-Fr Hidgs, 10p 40 173 17 62 132 340 246 Lazas Inds, 51 293 +2 8.4 3.7 7.9 9 30 Seepa Group 10p 37 1186 47.2 4.6 2.7 4.6 2.7 4.6 2.7	99 65 Walner (Allered 10) 74 +2 0.75 \$ 1.7 1.4 \$ 6 666 525 Walner Estate 638 125 0.13 4 3.4 \$ 4.4 5 410 Walner Estate 10, 20 435 14.5 15 4.9 20.0 131 110 Water Chy et Lot. 114 25 14.5 14.9 20.0 131 110 Water Chy et Lot. 114 25 14.5 14.9 20.0 132 95 Week labor 10, 20 539 +4 60.79 1.0 4.0 15.8 149 120 142 Week labor 10, 20 539 +4 60.79 1.0 4.0 15.8 150 142 Week labor 10, 20 539 +4 60.79 1.0 4.0 15.8 151 152 155 Week labor 10, 20 539 +4 60.79 1.0 4.0 15.8 152 155 Week labor 10, 20 539 +4 60.79 1.0 4.0 15.8 152 155 Week labor 10, 20 539 +4 60.79 1.0 4.0 15.8 152 153 Week labor 10, 20 539 +4 60.79 1.0 4.0 15.8 152 153 Week labor 10, 20 55 1.7 1.4 1.6 2.3 22.4 152 155 Week labor 10, 20 55 1.7 1.6 2.3 22.4 152 155 Week labor 10, 20 55 1.7 1.6 2.3 22.4 152 155 Feder (1) 102 12 12 12 15.5 \$ 6 150 530 530 Gray Ship 11 100 12 12 12 12 12 15.5 \$ 6 150 530 530 Gray Ship 11 100 12 12 12 12 12 12 12 12 12 12 12 12 12	15	100 17 Wilson Res & Im SQL 107 .	27 138
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C287 E194 Manager & Amanager & E11 -1 -1 -1 -1 -1 -1 -1	PROPERTY 185 11 Abase bra	647 563 Allance Trast 512 17.25 10 40 557 548 10 12.16 570 445 10 10 10 580 10 10 10 581 10 10 10 582 10 10 10 583 10 10 583 10 10 584 10 10 584 10 10 584 10 10 584 10 10 584 10 10 584 10 10 585 10 20 585 10 585 10 20 585 10 585	Finance, Land, etc 1985 High Law Stack Price et Biv Etc Sr's PFE 334 210 Abingwarth 10s	90 70 Rome Evens lov. 10p 70 225 2.5 4.5 Teas Te	Some interim: reduced final motion reduced earnings indicated. Same interim: reduced final motion reduced earnings indicated. Prorecast involvent; cover on namings upstated by lasest interim statement. Cover allows, for conversion of states not one raising for dividends or ranking only for reserviced distatend. Cover does not altitus for shares which many also rank for dividend at a fature date. No PTE ratio estably previded. Roper state. So per state. For Brigham Francs. Pr. French Francs. §§ Yield based on astumption Treosury Bill Rases stays sectionaged well instantive of stock. a Tax free. In Prigarial bloaded op ordisposition or other offer estatate. c Ceets, if Dividend rate pale or psychible on part of capital, cover based on dividend on full capital. In Rodermotion relat. First yield. J. Rasumed dividend and yield a special payment. In Resemble dividend and yield arise scrap issue. J. Proyment from capital sources. In Roman Inspirit higher than previous total, and Robin state sources, in Roman Inspirit higher than previous total, and Robin state on special payment. I landcated dividend rates on previous states, PTE ratio based on interest annual carreings. In Forecast chimient: cover based on previous provided interest y Dividend and yield based on recepter terms. 2 Dividend and yield include a special payment. For this part of the state of the
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Gilt-edged strength continues but equities slip back

Account Dealing Dates
Option
First Declara- Last Account
Dealings tions Dealings Day
June 17 June 27 June 28 July 8
July 1 July 11 July 12 July 22
July 15 July 25 July 26 Aug 5

bonds moved higher for the 12th consecutive trading session yesterday but trading session yesterday out lack of follow-through support stified an early attempt by Lon-don equities to extend Monday's recovery. Sterling and interest rate considerations continued to figure prominently in the Gilt-edged market which experienced a noticeable switch of interest to shorter maturities. This followed reports that there could be scope for further reductions soon in base lending rates.

The Chancellor's cautious

nach to cheaper approach to cheaper money failed to put off either domestic or overseas buyers. Institutional operators, including building societies and discount houses, became more active and selected short-dated Gilts advanced I before turning away from the highest levels. The longs also highest levels. The longs also recorded gains of a but turnover at this end of the market was thinner because of growing shortages of stock; official supplies of the long tap were exhausted early on Monday morning. Index-linked issues were again excluded from buyers' lists reflecting the prospect of lower inflation.

Leading shares promised ini-

hetter performance, but the absence of any worthwhile demand halted the advance. Later the Engineering sector came under attack following a warning that West Midland industry could be over the peak of the recovery. Many groups reported a falling off in orders and faltering growth. Some sector leaders fell sharply in price as the market over-reacted, but as the market over-reacted, but most managed to close above the

worse levels.

With sterling uncomfortably high for international and exporting stocks, the market as a whole became restless. Announcement of last month's industrial production figures failed to check the decline and the market's changing fortunes were mirrored by ing fortunes were mirrored by the FT Ordinary shares index; up 5.2 after the first 30 minutes of business, the index closed a net 8.5 down on the day at 928.7.

Allied Irish jump

Allied Irish highlighted the banking sector, rising 11 to 135p on talk that the bank is on the verge of selling its near-43 per cent stake in U.S. associate, First Maryland Bancorp; the latter yesterday announced that it is pursuing discussions which could lead to a merger with a larger Allied Irish highlighted the banking sector, rising 11 to 135p on talk that the bank is on the verge of selling its near-43 per cent stake in U.S. associate, First Maryland Bancorp; the latter yesterday announced that it is pursuing discussions which could lead to a merger with a larger bank-holding company. Elsewhere, Union Discount gained 10 to 700p in anticipation of today's interim results. Clearing banks paid heed to the Deputy Governor of the Bank of England's warning on unsecured loans and drifted down for want

EQUITY GROUPS

& SUB-SECTIONS

CAPITAL 600DS (205) Building Materials (22) ...

Mechanical Engineering (62) Metals and Metal Forming (7).

Newspapers, Publishing (12) Packaging and Paper (13).... Stores (42).... Textiles (17)....

Office Equipment (4)
Shipping and Transport (22)
Miscellaneous (64)
Telephone Networks (2) 49 | INDUSTRIAL EROUP (483)

61 FINANCIAL GROUP (115) Insurance (Life) (9)... Insurance (Composite) (7) ... Insurance (Brokers) (7) Merchant Banks (11)

> Other Financial (25) Investment Trusts (107) Mining Finance (3)...... Overseas Traders (14)

FT-SE 100 SHARE INDEX .,

1 5 years.

2 5-15 years ...

S All stocks.

8 All stocks...

3 Over 15 years ..

FIXED INTEREST

+0.16 318.54

131.94 +0.12 132.02 0.24

+0.14 129.98

149.54

138.61 +0.16 138.39

80.54 - 80.34

109.48 -0.39 109.91

149.54

129.91

6 Retentant & Lanes . 111.23 +0.16 111.05

0.39

0.26

7.91

6.87

7.27

7.32

6.08

3.64 14 Pre BRITISH GOVERNMENT INDEX-LINKED STOCKS

1.37 | 15 Inflation rate

Electronics (38) ...

.eisure (22)+ ...

Chemicals (19)...

of fresh support. Barclays, 15 lower at 400p, led the retreat, while Lloyds came back 14 to 403p. NatWest, which starts the interim dividend season on July 30, gave up 8 at 692p and Midland softened 5 to 392p.

PWS International provided an isolated dull feature in Insurances, falling 25 to a 1985 low of 245p on news of the proposed redundancy programme announced by the chairman at the annual general meeting.

Among recently-issued equities, Isotron moved up to 193p before a bout of profit-taking prompted a sharp reaction which left the close a net 16 down on

left the close a net 16 down on

balance at 172p.

Buildings were one of the few sectors to show signs of strength. The possibility of a further cut in interest rates and eventual in interest rates and eventual reduction in mortgage rates lent support to a sector already buoyed by the call for the Government to embark on a major programme of road and building repairs. Leading stocks made steady progress before shading in the late dealings, but several noteworthy gains remained. Tarmac forged ahead to 332p prior to closing a net 6 up at 330p, while RMC gained a like amount at 378p. Secondary issues continued to present a selectively firm appearance.

pect of lower inflation.

Leading shares promised initially to repeat the previous day's better performance, but the absence of any worthwhile willam Sindali advanced while willam Sindali advanced 40 to 490p for the same reason.
HAT Group settled a penny
cheaper at 96p, after 100p, following satisfactory annual figures
and news of the part sale of its Houston Texas property develop-

Houston Texas property development.

The view that the current strength of sterling would continue to impair ICI's dollar earnings potential brought the price down 12 to a year's low of 690p.

Ratners up afresh

A shade firmer initially reflecting confidence over consumer spending trends, leading Stores thereafter failed to attract follow through demand and consequently closed no better than mixed. Awaiting the next moves in the takeover battle, Debendams hardened a couple of pence details. Elsewhere, Mulittone to impair ICI's dollar earning per cent. Freemans attained a per cent. Freemans attained mixed. Awaiting the next moves STC closed 4 off at 100p in the in the takeover battle, Debenhams hardened a couple of pence to 329p, but Burton eased that much to 475p. Reports of a setback and Domino Printing broker's bearish circular in the offing clipped 3 from Sears at 93p.

Elements in State Direct that the convention of the reorganisation details. Elsewhere, Multitone declined 4 to 257p, also after disappointing trading news.

A Financial Times report that the convention under in the West

FT-ACTUARIES SHARE INDICES These Indices are the joint compilation of the Financial Times,

the Institute of Actuaries and the Faculty of Actuaries

Earning Yield% (Max.)

Tues July 16 1985

Gross Div. Yield% (ACT at 30%)

Est. P/E Ratio (Net)

| No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No.

| Index | Day's | Day's | Day's | July | July | July | July | Year | No. | Change | High | Low | 15 | 12 | 21 | 10 | 9 | ago | 1239.5 | -4.1 | 1250.8 | 1239.0 | 1243.6 | 1230.8 | 1238.4 | 1230.4 | 1239.6 | 1007.8 |

FINANCIAL TIMES STOCK INDICES

87.66 87.50 87.58 87.49 87.48 87.33 81.00 399,0 399,6 392,4 401.4 398,3 405,2 557.B Ord. Div. Yield...... 5,00 4,96 5,01 4,96 5,01 4,95 5,16 Earnings, Yid.2 (full) 12.47 12.38 12.48 12.35 12.49 12.35 11.97 PriE Ratio (not):*1. 9.79 9.87 9.79 9.88 9.78 9.89 10.04 Total bargains (Est.) 19,980 20,495 21,819 20.638 19,170 20,452 18,526 Equity turnover Em. - 273.2 329.80 400.37 299.2 344.29 183.00 Equity bargains ... - \$15,386 17,453 18,617 15,359 18,206 12,311 149.9 166,8 192,8 143,3 178,2 94.5

10 am 942.4, 11 am 936.5. Noon 933.5. 1 pm 931.8. 2 pm 931.2. 3 pm 931.0, 4 pm 929.4. Day's High 942.7. Day's Low 928.7. Basis 100 Govt. Secs. 15/10/28. Fixed Int. 1928. Ordinary 1/7/35.

Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026.

Н	IGHS	AND	LOW	\$	S.E. ACTIVITY INDICES						
	19	85	Since Co	mpilat'n		July 15	July 12				
	High	Low	High	Low	Daily Gilt Edged						
ovt, Secs.	83.18 (16/7)	78,02 (28,1)	127.4 (8/1/85)	49.18	Bergains Equities Bargains	l	159.0				
ixed Int	87.66 . (18/7)	82.17 (28/1)	150.4 (28; \1;47)		Value 6 dayAverage	552,2	566.6				
rdinasy	1024.5	923.1 (10/7)	1024.5 (22:1:85)	49,4 (26:6:40)	Gift Edged Bargains Equities	161,2	154,9				
old Mines	535.9 (15/4)	392,4 (12:7)	734.7 (15/2/83)	43,5 (26,10,71	Bargains Value	111,5 666,3	113.3 662,9				

Fri Luty 12

index No.

Index No.

Thers July 11

index No.

Mos July 15

10.19 10.19 10.55 10.13 11.12 10.70 10.25 10.05

11.80 11.58 11.37

11.43 10.80 12.70 11.92 11.16 12.75 12.06 11.21 10.67

6 at 214p. By way of contrast, TI jumped 12 more for a two-day rise of 38 at 286p following renewed support ahead of the interim results scheduled for August 8; yesterday's rise was also accompanied by vague take-over gossip. Howden put on 32 to 94p after the annual results.

came on offer following an analysts' meeting and the close was 3 cheaper at 149p. Dee Corporation, a firm market recently, encountered profit-taking and settled 5 off at 24Sp. Elsewhere, Normans shed 2½ to 72p, the good annual profits being outweighed by the warning of substantially lower tea estre

in a thin market with a gain of 35 to 360p Welverhampton Steam Laundry moved up 3 to 50p on expansion hopes, while speculative buying lifted British Bloodstock 8 to 240p and Kean and Nephew rose 6 to 174p and Nephew rose 6 to 174p and Nephew rose 6 to 174p and Stonehill improved 4 to 112p. Aaronite were a late dull feature, falling 13 to 80p on news of the interim deficit. Among the leaders, Beecham hardened a few pence to 308p amid vague talk of a new drug being in the offing. Metal Box, however, reflecting the dullness of the Engineering sector, gave up 10 to 440p.

Motor Components lacked a

Motor Components lacked a decided trend. Lucas Industries rallied a couple of pence to 293p,

Food Retailers failed to con-solidate the previous day's improvement. After opening a few pence higher, most drifted back in the absence of followthrough support to close lower on balance. Cadbury Schweppes came on offer following an

support at 235p, up 9p, while Charles Sharpe reflected buying in a thin market with a gain of

Engineering under pressure while fresh support was evident for Armstrong Equipment, 3 up at 34p. AE, on the other hand, gave up 4 at 141p. Dowly, due to reveal first-half figures next Wednesday, declined 8 more to 1860.

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (66)

NEW HIGHS (66)

> Textiles Textiles remained mixed. Further consideration of the mid-term profits recovery lifted Robert H. Lowe 3 for a two-day gain of 7 to 32p. Sekers International, on the other hand, encountered sporadic profitaking and, at 55p, gave up 3 of Monday's advance of 10 which followed the full-year figures. Strend Riley Drummond eased a penns to 42n after amouncing penny to 42p after announcing reduced annual profits, but merger partners Vantena Viyella, 360p, and Nottingham Manufacturing, 260p, added 4

HoJo sale hopes prompted a flurry of business in Imps which improved to 175p; the excitement proved to be short-lived, however, and the shares later reverted to the overnight level of 169p. Rothmans, up to 128p earlier, settled a net penny cheaper at 125p, while Bats eased 5 to 298p.

Oils quiet

Leading oils moved within a narrow range. A firm opening was quickly eroded and prices slipped back only to stage a modest rally after-hours. BF touched extremes of 528p and 523p prior to closing little changed on balance at 525p, while Shell hardened a shade to 683p. Enterprise Oil were well sup-Enterprise Oil were well sup-ported, edging up 4 to 160p, but Britoil were a nervous market and drifted back 4 to 203p in the run-up to the sale of the Govern-ment's remaining 49 per cent stake at the end of the month. stake at the end of the month.

Invent Energy were outstanding
in a generally easier secondary
oils sector; the chairman's estimate of unaudited pre-tax profits
of £8.5m for the year and the
update on Paris Basin oil
reserves prompted a late surge
in the shares, which jumped £1;
to £11; North Sea & General
Investments were again boosted to fill. North Sea & General Investments were again boosted by takeover speculation and advanced 11 more to 98p, for a two-day gain of 18. Irish exploration issues generally drifted back to their lowest levels this year. Energy Capital, a recent speculative favourite, dropped to 56p before rallying late to close a before rallying late to close a net 4 cheaper at 62p.

Golds erratic

South African Gold shares did little more than drift easier for much of the session as the builton price traded around a rather disappointing \$316.50 am ounce level. However, a sudden upturn in the latter, which touched \$323 at one point before settling a per \$3.25 higher at 1919. The lift Actual business remained at month and said at the time he intended to increase it. Elsewhere in miscellaneous industrials, English China Clays found support at 235p, up 9p, while Charles Sharpe reflected buying in a thin market with a side of the same of the session as the builton price traded around a rather disappointing \$316.50 am ounce level. However, a sudden upturn in the latter, which touched \$323 at one point before settling a per \$3.25 higher at \$319.75, prompted dealers to give share prices an immediate a relatively low level and prices subsequently retreated from their best levels. Traders were unsure as to why the builton price traded around a rather disappointing \$316.50 am ounce level. However, a sudden upturn in the latter, which touched \$323 at one point before settling a per \$3.25 higher at 75 lift. Actual business remained at a relatively low level and prices subsequently retreated from their best levels. Traders were unsure as to why the builton price traded around a rather disappointing \$316.50 am ounce level. However, a sudden upturn in the latter, which touched \$323 at one point before settling a per \$3.25 higher at 1919 \$2 Aug 5 Oct 24 Aug 5 Aug 16 Nov 7 For rate indications see Share Information Serv. Money was given for the current year. First Last Last For Deal- Deal- Declara- Settle ings ings tion ment July 8 July 19 Oct 16 Oct 2 July 22 Aug 2 Oct 24 Nov Aug 5 Aug 16 Nov 7 Nov 1 Money was given for the cal of Barratt Developments, Elli and Goldstein, H. C. Slingsby Wace, Monument Oil and Gas RHM, BSG International, Bristo market suddenly improved but the movement was said to have originated in the U.S. where Comex gold futures were a strong market in early dealings amid talk of possible cuts in U.S. interest rates. Oil and Minerals, Allied-Lyons Falcon Resources, Energy Capital, Tranwood and Stewart Plastics. No puts were reported but a double was arranged in Falcon Resources.

LEISURE (2)

TRUSTS (9)
Inv in Succi New Darler Tet Soot Mage (

MINE (4)

RISES AND FALLS

YESTERDAY

Australians suffered another Australians suffered another minor setback in overnight Sydney and Melbourne markets and were marked down at the outset of trading in London. However, the late improvement in gold brought about a modest recovery after hours with the emphasis on precious metal producers. Gold Mines of Kalgoortie were prominent and out on 10 were prominent and put on 10 to 447p, while Southern Resources added 3 at 100p

Demand for Traded Options showed a light improvement with 7,522 contracts done. The FT-SE

EUROPEAN OPTIONS EXCHANGE

i			_					
Se	ries	Vol.	ug. Last	Vol.	lov.	Vol.	Last	Stock
GOLD C	\$300;	. . .	; <u> </u>	20	. 35 B	32	40 E	\$322,30
GOLD C	2320. 8540;	145	. <u> </u>	35 10	17.50 8.20	68	14	"
GOLD C	\$360 \$300	=	: — !	60	4.50	=	==	. 11
GOLD P	_ \$320[22	. 6	ğ	111	' = i	_	\ <u>"</u>
ł			Sept.	D	ec.	Marc	:h	-
SILVER C	\$650	15	15		1 _ = :	1	56 B	8624
SIFL C	F1.330 ¹ F1.835	122	5.50 3.40	32	8.70		Ξ	F1.323.90
왕FL C 하FL C	F1.340 F1.345	16	2.60	=	(= i	204	7,80	
8/FL C	F1.350	26	1.30	_	1 = 1		=	} **
S/FL C	F1.360) F1.365)	10	0,50	•	1.80	= ;	_	
SIFL C	F1.370	192	0.30	12	1.30	= :	=	
S/FL C	FL_380	149	0,20	5	0.80	_ i	=	77
S/FL P	FI.325		11.50	10	16.50 B	10	17	
S.FL P	F1.330 F1.335	123	. 15 /	_	i - 1	:	=	"
8/FL P 8/FL P	F1.340 F1.350 F1.355	23 20	19 1	1	83	Ξ	=	, ,,
S/FL P	F1.355 F1.370	10	46	10	36	-	_	
8/DM P	DM,290	15	9,50 A	. =	i. = i	= i	=	Dm287.80
£is c £is p	\$130 \$135,	=	= !	250 352	11.20	= 1	=	\$139.10
			 uL		Oct.	- ,	 	' "
ABN C	F1.480	- :	· 🗕 ı	86	12.50 ·		-	F1.475
ABN P AEGN C	F1.460	25 871	0.40 2,60	104 143	6.50	3 24	10.50	FL97.50
AEGN P	E1 95!	7	0.10	100	2.50	~ 6	8,50 3,50	
AH P	FL940 P1.230	5	1.50 A	159 42	4.50 A	= {	=	FI.232
AKZO C	F),110 F),110	940 92	5.20 0,10	801 377	9.40	151 221	11.80 3.90	F1.115,20
AMRO C	F1.80 FL80	122	6	75 42	7.30	25	8,50	F1.88.30
GIST C	FI.290	35	10	15	1.10	20	18	F1.199.46
	FL200	21 ; 29		55	6 -	- 1	=	
HEIN C	FL 150	56	0.10	60 17	: B.	8 ; ~ :	6	F1.147,20
HOOG C	F1.60 F1.60 F1.60	230 653	2,40 I	46 10	4,80 1.60	5 ·	8.70 2.50	FL62,20
KLM C	F1,60	1642	3	261 447	1.50 4.90 1.10	70	5.90 1.60	F1.6š
NEDL C	FL170:	96	3.80	66 58	111	:	60	FL173
NEDL P NATH O	F1.72.50	220	1,40B	42	4.40	= i	=	FL 74.10
NATH P PEO P	FL 701 Fr.6,364	-	690	20	1.20	= !	=	Fr.5,580
PHIL C	F1.50.	154	0.30	439	. 2.60 BI	209 .	3,70	F1. 49.30
PHIL P	FI.50	868 66	0.70	339 178	8.50 4.90	312 40	3,50 7,10	FL196,70
RD P ROSE C ROSE P	F1_200	194 35	3.80 1.40	26 16	9,80 ; 5,10 ;	= ;	_	FL 76.20
ROBE P	FI.77.50 FI.360	_		10 82	2.40 7.20 A	250 45	10	F1.848
UNIL P	F1.340	8	0.10	74	5.30	5 !	7	,,,,,,,
TOTAL VOL			:					
S IUIAL VIII	.UME IN O	ONTRA	CTS: 20	.085				

RECENT ISSUES

EQUITIES

334 puts, while the short Gilt option contributed 377 calls and 460 puts. ICI attracted a lively two-way business with 689 calls and 324 puts transacted. 50 F.P.28/7 8048 170 F.P. 9/8 170 41 F.P. 9/7 170 42 F.F. 9/8 170 138 F.P. 19/7 1425 115 F.P. 19/7 1425 115 F.P. 12/7 1425 11 F.F. 12/7 1425 11 F.F. 12/7 1425 17 F.F. 12/7 1425 17 F.F. 12/7 1425 17 F.F. 12/7 1425 17 F.F. 12/7 1425 Mowten (J.) Mowten (J.) CHEMICALS (1) Rewart Plastics STORES (2) FOODS (2) Cuilen's Hidgs Slaters Food (NDUSTRIALS (1)

Growth B Kitchen (R.) Taylor O(LS (1)	LIVI	L	IN I	ER	E 3 1			_
NEW LOWS (88) RRITISH FUNDS (1) 200 L 2013	issue price £	55	atest enuna. date	198	35	Stock	Diostng price E	+
AMERICANS (10)	li	독립		High	Low		00	!
in T&T Û light serica Sun Co Inc Comp enneco	ıı Çe	F.P. F.P.	26/7	971-	951	Allebone 81,3 Cnv. Cum. Rd. Pri	AG16:	.
CANADIANS (1)	4)4 1) 1)	NII F.P.	2/B i	1020	4ppm 96c	C. H. Industia. 7% Cnv. Cum. Red. Pri Caparo Inda. 8% Cnv. Cum. Pri Cape Inda. 8.4% Cum. Cnv. Red. Prei.	1010 maat	٠,
BANKS (1) SUILDINGS (2)	500	F.P.	12/8	101p	96p 41c	Euro. Ferries 6.75% Cv. Rd. Cum. Prf., Hanson Tst. 5.75% Cnv. Cum. Red. Prf	44p	ļ_
& Hinshire May & Hassell CHEMICALS (3) (W.) Remokil	1	F.P.	2/8	103p	95p	'	Maari Qob	
STORES (1)	90,706	630	6.9	33.5	29∺	Kennedy Brookes 842 Crv. Un. Ln. '02 Maleysia 1042 Ln. 2009 Mansfield Brewery 11122 Deb. 2010	35 m	+
ELECTRICALS (10) Secs Elecs Domino Print Sci ted Security Elecaron House) =	F.P.	! <u>_</u>	100 m	100	Nationwide Bidg. Soc. 12:32 50/6/65.4 11:33 Bda. 21/7/86	100 Y	
ch Multitone Elect Northamber s Electrical Wayne Kerr	100	F.P.	126.7	125n	1210	Oldham Met. Borough 12,4% Rd. 2029 Port. & Sund. 1016% 2nd. Cum. Pri Russell (A.) 5,75% Cum. Cnv. Rd. Pri	1520	٠.,
ENGINEERING (5) Inthi Simon Eng Siddeley Soirax-Sarco	94.895 #100	F.P.	12/7	103	100	Spain(Kingdom of) 11 4% Ln 2010 Sund. & S.Sh'ida Wtr.11.92Rd.Db. 95/97	103 107a	1
INDUSTRIALS (12)	\$100	F.P.	06:7	1078	100	West Hampshire Wtr.11.8% Rd.Db. 16/87	107a	:

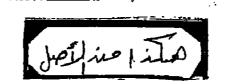
FIXED INTEREST STOCKS

					_			-
'	RIG	HT	S OF	FERS	;			
	tasue i		Latest Renunc. date	198	5	Stock	Clasing prios	_ <u>-</u> :
]	₹₫		High	Low		8ª !	
īst.	60	F.P.	16/8	53 .	50	Ansbacher (H.)	53	
	Jr.0.40	F.P.	_	3619	25	2 Aran Energy 20p	25 -	-1
	166	Nil	13/9	15pm	8pn	n Baker Perkins 50p	. som	•
	33	F.P.		57·g	30	⊀Bio-isolates	30	•••
	145	F.P.	2/8	175	160	BILLE AFFOW	160	
in.	i 100	Nil	i	2pm	_1pn	n' Cobra Emerald Mines	l lpm:	
al a	10	F.P.	29/7	14	11	Ecoptic A £1	280 -	÷
3	190	F.P.	9,8	245 !	230	Emess Lighting	235 -	+ 8 + 2 + 2
	220	F.P.	26:7	239 242	219	English China Clays	210 :	: 5
	210	F.P.	25/8	183	206 99	Evered	103	. 6
	185	100	28:10	145		n.Haziewood Foods 20p	405pm	-
•	210 250	NII	6:8	295	265	London United 20p	268 -	_2
•	285	F.P.	9:8			n Mills & Allen		- 2
	77	Nii	3,0	27.2011	3 nr	n.New Cavendish 5p	Pm:	٠
	180	F.P.	' =	19712	183	Sunlight Service 10p	192	
BMB	370	F.P.	26/7	450	382	Taylor Woodrew		- 6
	600 I	F.P.	20/8		643	Union Discount £1	700 +	١Ì
23	200			,	- Z.,	THE DEL ASIG	4nm i	. 1

16 36	in connection with red fully paid. ## introdu !! Dealt in under Rule	ction.	🐞 Unliat	ed Securities Ma	rket	Placing	, pric
r le-	ACTIVE STO			MONDA			
ŧŧ	Above everage activity	MB2 U	oted in	ACTIVE	210	CM3	•
21	the following stocks y	estarday		Based on barg		- '-	
4	_	Clasing	Day's	Exchange Office		,,	
18 of	Stock	price	change	-	No. of changes	Mon. close	Day chan
ינט	Boots	188	+ 1	Isotron		188	+38
-11	Debenhams	329	+ 2	GUS A		797	+24
all lis	Delta Group ,	141	- 4	Barclays	14	415	+ 15
	Fleet Holdings	309	+ 4	Christies Int'l		. 225	+10
y.	GKN	212	- 12	Debenhams	13	327xc	+ 5
ıs,	•	96	- 1	TI		274 100	+26 + 8
ol	HAT Group	-	-12	Jhasn, Metthey		332	+13
1S,	Hawker Siddeley	373	-12	Thorn EMI Assoc Dairies		. 136	+ 2
pi-	ICI	690 `	-12	Dea Corp		253	+15
ts	Imperial Group	169	. —	ICI		702	+ 3 + 5
d,	Lucas Inda	293	+ 2	Abbey Life		228	+ 3
in	Racal Elects	140	. + 2	Midland Benk		397	+ 5
	Vickers	261	17	Shell Trans	. 10 .	681	+ 8

t s					LO	ND	ON	ADED OPTIONS								
: [[•	ALLS			PUTS		1		. c	ALLS		PUTS		
t L	Optio	ก	Jly.	Oct.	Jan.	Jiy.	Oct	Jan.	Opti		Aug.	Nov.	Feb.		Nov.	Feb.
; [8.P. (*525)	460 500	67 27 2	83 48 20	58	1 2 28	17	22 47	Lonrho (*167)	140 160 180	30 11 214	18 7	22 12	112 3 16	6 18	8 19
	Cons. Gold	550 600	1 45	10	18	78 1 112	85	88	P. & O. (*356)	300 330 360 390	62 34 11	43 25 8	53 53 15	2 4 12 35	8 17 35	11 22 40
s	(*502)	500 650 600	16 1 1	38 16 5	30 11	52 102	20 55 102	60 105	Racal (*138)	420 130 140	16 9	22 16	28 28	65 4 10	6 12	8 14
	Courtaulds (*135)	140 160	112 018	14 B 4	19 14 7	6 26	10 27	12 27	RTZ	160 180	3 1	9 8	13 B	24 44	24 44 25	26 44 32
	Com. Union (*214)	180 200 220 240	36 15 3	38 22 15	55 22 14	01 <u>0</u> 2 11 27	14 30	11 19 33	(*549) Vasi Reefs	600 650	10 3	22 12 144	32 174	60 107	62 108 41g	67
	G.E.C. (*166)	160	1 8 11 ₂	20 11	28	16	16	18	(4888) Ex 10% 198	90 100	5 ³ 4	71g 41g	11 6	12 0±	15 ₁₉	11 151 ₂
	Grand Met.	220	1 10	1 20	1 32	36 56	36 66	36 11	(*£97)	98 94 96 98	454 814 014 04	5/6 3/8 183 0/6	1 21	0 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	01g 01g 0,8 11g	014 058 158
	(*285) 	300 330	11/2	10 4	18	17 47	23 48	25 48	Tr. 112% 05/1 ("£111)		5点 3点 1法	85g 41 20		94 04 12	04 04 14	00 1 ± 176
	(* 69 1)	700 750 800 850	1 1 1	72 14 6	47 27 12	15 64 114 164	43 80 125 175	50 87 127	Opt	tion	Sept.	Dec.	Mar.	Sept	Dec.	Mar.
	Land Sec. (*268)	960 280 300	10	19 9	26 15	14 35	16 34	1 18	BTR (*325)	325 325 330	45 22	55 35	.60 40	13	9 18 —	12 28
	Marks & Sp. (*138)		19 9	26 17 10	21 15	114	8	6 18	Beacham (*308)	300 330 360	23 8 4	30 17	38	80 28 58	35 14 30 58	177
	Shell Trans.	160	85 35	50	68 8	21 ₂	24	17	Base (*542)	500 560 600	60 22 7	72 85 18	85 45	5 22 63	11 32 68	15 87
	Traf'gar Hse	700 750	5 1 25	28 13	37 17	92 70	38 75	38 80	De Beers (*85,43)	500 550	100 55 25	110 73 40	90	12 20 43	18 33 65	45 73
	(°346)	350 353 360	4	19	39 21	9	15	11	GKN (*212)	180 200 220	38 22 12	29 19	36 25	2 4 14	8 17	10
Н									Glaxo	[240	8 i	90 1	18 J	30 [35 {	50	35 60
	Option		Aug.	Nov.	Feb.	Aug.	Nov.	Feb.	(*1215) Hanson	1300	18	25 j		- 1	-== 1	110
	BAT Inds. (*298)	350 350 350	25 18 6	25 13 6	35 18	19 35 63	18 48 65	23 47	(*187)	182 195 200	17 8 —	17	16	15	19	24 24
	Barclays (*402)	355 360 385 390	70 	75 40	67	2 17	<u>3</u>	8	Jaguar (* 244)	260 280 300	21 10 6 3	32 21 10 6	40 27 16	20 35 55	13 23 36 56	16 27 37
	Brit, Aero	390 480	=	25	45 29 53 1	12	20 1	25 42 25	Tesco (*245)	236 240 256	28 - 8	50 20	80 _	6 18	22	24
	Srit. Aero (*826)	350 360 390	48 /	12 5	20	40 70	#0 70	#8 70	£/8 •138,96cts)	130 1 125 1 130 1		4.70	19.60 15.60 12.40 9.80	0.301 0.65 1.70 3.30	1.60 2.70 4.30 6.40	2.90 4,30 6.30 6.70
	(*177)	140 150 160	36 98 19	27		1 14	_ _ _	_ 	5:DM (*34,75 cts)	140 38 35	3,70 3.00 2.25	6.00 3.40 8.70	7.40 3.90 5.25	0.80	9.10 0.45	0.70
		170 180 200 220	16	21 15 8 3	21 11 8	25 45	18 25 45	15 27 47	ˈ =	35	1.42 0.95	2.10	2.60	0.62	1.10	1.50
	Imperial Gp, (*169)	160 180 200 220	16 51 ₂ 2	25 12 6 21 ₆	27 19 10	4 16 84 84	9 19 34 54	10 22 87	index 1	200 - 225 25 250 9	35	56p 65 35	= =	ly Au	20	Deg
	LASMO (*256)	240 260 280 293	33 18 8 5	42 28 18 9	52 58 25	7 11 27 36	12 25 35 42	15 80 40	· . 1	275 2 360 2 360 2	18 10 	16 5	28 - 12 - Calis 5	.034		90 180 ,488
		300	- 1	- 1	14	- 1	1	56		- Und	erlying	SEQUI	ity pric	;e		`

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, ECAP 48Y, price 15p, by post 28p



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WORLD STOCK MARKETS

	AUSTRIA	I GERMANY	, NORWAY		AUSTRALIA (continu	ed)	JAPAN (continued)	
		July 16 Price + or	. р.	rice + or	Price	. + or	July 16 Yen	+
	July 16 Price + or Sche -	. Om. — AEG-Telef	Bergens Bank 1 Borregaard 4	45 + 5 25 + 17,5	July 16 Aust.S	<u> </u>	MHI 325	 +3 +1
•	Gesser	Allienz Vers 1,352 -15 BASF 212.8 -5.8	Christiania Bank 1	40 +3 44 +2	Gen, Prop. Trust. 2.3 Hardie (James: 3.0 Hartogen Energy 2.37xc	+0.92	Mitaul Estate 831 Mitaul Estate 831 Mitaukoshi 685	-9 +5
	Leenderbank	Bayer ————————————————————————————————————	Kosmos 2	29 ÷5 10 +4	Herald Wylimes 4,65 ICI Aust 2.01	+ 0.01	NGK insulators 738 Nuhon Cement 359	+4
	Steyr-Daimler 165 -14 Veltanher Mag 645 -5	Bayer-Verein	Norsk Data 3	80 : +3 41 990.5	Kia Ora Gold 0,13	; -0,91 -0,81	Nippon Denso1,320 Nippon Elect 944	i + 28
	- :	I R/MWO RAWR/L 225 ' —5	Storebrand 2		Mayne Nuckless 3.2	-0.02	Nippon Express. 468 Nippon Gakki 1,180 Nippon Kokan 149	: +5 : +140 ! +8
	BELGIUM/LUXEMBOURG	Cont'i. Gummi: 142.7 —2.8 Dalmier-Benz 6354 . —6	SPAIN	į	Mayne Nickless 3.2 Myer Emporium 3.06 Nat. Aust. Bank 4.5	-0.01	Nippon Oil, 960 Nippon Seiko 500	+7
	July 16 Frs. —	Degussa	; P	rice ; + or	News	0.1	Nippon Shimpan 680 Nippon Steel 161 Nippon Suisan 570	. –5
	Bang. Gen Lux 6.300	O'sche Beboock. 158,5; —0,5 Deutsche Bank: 553,6 —2,5 Dresdner Bank: 256,5 +1		X54	North Bkm Hill 2,16 Oakbridge 1,05 Pancontinental 1,72	-0.04 -0.03 -0.02	Nippon Sulsan 570 NTV 10,390 Nippon Yusen 503	; +180 +5
	Bekaert B 9,740 00	GHH 150 -1	Bco Central	316	Pioneer Conc 1.95 Peseldon 3.50	,0.06	Nissan Motor 850	+34
	Cookeril	Hoseh Werke 108,2' -1,2	Boo Hispano	156 343 341	Reckitt & Colman 3.68	+0.08	Nisshin Flour 481 Nisshin Steel 179 Nomura 1,310	+10
	Electrobel	Holzmann (P) 420 : -5 Horten	Bco. Vizonya	341 452 142	Repco	+ 0,01 + 0,04	Olympus 1,060 Orient Leasing 3,000 Pionoer 1,700	+40 -100 +20
	GB inno BML 5,670 -45 GBL (Brux)	Hussel	Hidrola	78.2 -0.3 92,7 +0.5	Thos. Natwide 2.1 Tooth		Renown 680 Ricoh 870	
	Gevaert	KHD 2771 Kloeckner 62.51,5		36.5 -2 121	Vamgas 4.05 Western Mining., 3.72	-C.0.	Renown 680 Ricoh 870 870 Sankyo 1,070 800 402 800 800 600	; +10 : -1 +5
	Kredietbank 8,850 100	Linde			Westpac Bank 4.54 Woodside Petrol 1.35 Woolworths 3.32	+0.04 1 +0.05 0.55	Sapporo	+14
	Povale Reige 18.150:	MAN	SWEDEN July 16 P	rice + or	Wormald Intl 5.92	+0,61	Shimadzu, 655	+6
	Soc. Gen. Bard 3,500. —5 Soc. Gen. Beige 1,770 —25	Metaligesell 205 -5	Kr	onor —	HONG KONG		Shiseido 1,040	+35 +10 : +10
	Solvay 4,195 —100 Stanwick Intl. 1,450 —20	Porsche 1,315: —34	Alfa Laval B 1	15xa· + 1 90 20 :	July 16 Price	: + or	Sony	+34
	Tractione 3,660 -50 UCB 4,950 -130 Wagon Lits 3,080 -110		Astra (Free) 4	16 +6 04 -2	H.K.S		S'tamo Elect 725	+35
		Schering	Cardo (Free) 2 Cellulosa 1	19 —2 172 - 5	Bank East Asia 23.8 Cheung Kong 17.2 China Light 15.9	. +0.1 · -0.1	S'tomo Metal 164 Talhei Dengyo 551 Talsei Corp 308	+21
•	DENMARK	Thyssen 111 +0.8 Varta 223 -2.5 Vebs 212 , -2.6	Ericason B 2	42 —2 70	Evergo	+0,02 -0,75	Taisho Pharm 1,030 Takeda 760 TDK 4,190	+49 1 +35
	July 16 Price + or Knr % -	V.E.W. 152.5 -0.9	Mo och Domsjo 1 Pharmacia	62 —2 100 : —1	Henderson Land. 2,10 HK China Gas 10.9 HK Electric 8,55	·	TDK	+40 +7 12
	Andelsbanken 322 -7 Saitic Skand 680	Volkswagen 292.5, —11	Sandvik	00 370 117 +7	HK Kowloon Wr. 6.35	-0.05	Tokio Marine 970	,15 ,1
:	CopHandelsbank 323 —10	ITALY	Skan Enskilda 5 SKF	1 · +0.5	HK Shanghai BK. 7.7 HK Telephone 93.5 Hutchison Wpa. 26.3	+1,5	Tokyo Elect Pwr 2,170 Tokyo Gas 232	20
	Danske Bank 541 i -7 De Danske Luft 1,180 : +10 Feet Asiatic 238 -2	July 16 Lira —		.55 ; —1 .55 : —2 .63 ·	Intol. City 0.9	-0.1	Tokyo Sanyo 674 Tokyo Style 912 Tokyu Corp 457	+18 +1 -15
	Forenede Damp. 153 -4	Banco Com'te 24,800 + 1255 Bastogi-IRBS 230 + 3.3	Swedish Match 1	90	New World Dev. 7,45 Orient O'seas 2,15	+0,05	Toppan Print 810 Toray 463	+8
•	GNT Hidg 415	BJ-Invest	SWITZERLAND		SHK Props 12,8 Shell Elect 1,35 Swire Pac A 24,8		Toshiba Elect 349	+7_
	Jyske Bank	Flat	; P	rice ! + or	TV-B	-0,15	Toyo Seikan 1.020 Toyota Motor 1,230 Victor	+25 +10 +50
•	Provinsbanken 365 7	Generali Assicur. 53,900. +490	Agia intl	Frs. ; — 3,320; —60	IAPAN		Yamaha 690	-5 -5
	Smidth (F.L) B 274 Sophus Berend I,150 Superfos	La Rinascente 840 Montedison 2,070. —30	Bank Leu 3	00 -5 ,750 -80 ,710 -40	, Marwa		Yamanouchi 2,860 Yamazaki 781 Yasuda Fire 630	1 +210 1 +5 1 -2
	FRANCE	Olivetti	Brown Boveri 1 Ciba Geigy 3 do. (Part Certs). 2	.390. —120 .	July 15 Price : Yen		Yokogawa Bdge. 787	
		Saplem	Credit Suisse 2 Elektrowatt 3	,885; —35 ,140' —50	Ajinomoto 1,140 Alps Electric 1,360	+50	SINGAPORE	
	July 16 Price for	do Pref 16,710 +210		250 -500	Amada	+21	July 16 Price	+ or
	Emprunt 49,1978 1,596 : -5 Emprunt 78, 1878 7,978 - 10	NETHERLANDS	Jacobs Suchard. 6 Jelmosi	,400' ~250 225 —25	Asahi Glass 828 Bridgestone 547 Canon 1,020	+9 +8 +21	Boustand Hidgs 1.38 Cold Storage 2.33	+0.88
	Accor		Nestle 6 Oer-Buehrle 1	,890. —30 ,380. —150 ,500 —45	Casio Comp 1.440		Cold Storage 2.33 DBS	+0.1
	DIA : 671 17	July 16 ' Price + or Fis —	Pirelli	365 B I	Chugai Pharm 949 Citizen	+8 25	Haw Par. Bros 1.98 Hong Leong Fin . 3.46 Inchcape Bhd 2.22	+0.85
	Bongrain 1,850 -20 Bouygues 771 +2 BSN Gervais 2,425 +10 Ctr Alcatel 1,220 +10 Carrefour 2,115 +15	ACF Holding 234 , -2 AEGON	Sandoz (PtOts) 1 Schindler (Pt Cts) Sika	.570 —50 1	Dai Nippon Ptg _ 1,100 Daiwa House 708 Ebara 466	+8 +8	Keppel Shipyard 1,27 Keppel Shipyard 1,27 Malay Banking 5,3 Malay Utd. Ind 2,18 Multi Purpose 0,75 OCBC 8,25 OUB. 2,65	0,01 +0,05
	CHO MEGIZEL U - 3-8 -44	AK70 115.2 -0.6	Sika		Eisai	+50 +100	Malay Utd. Ind 2.18 'Multi Purpose 0.75	+0,63 -0,01 -0,05
	Cie Bancaire 628 ' +1 Coffmeg 289 -14 Damart 1,963 -32	ABN 475 -1 AMEY 266 -1 AMEO 86.3 -0.3	Swiss Bank	409 ~8 .450 ~650	Fuji Bank	÷40 +15	OUB 2.65 Public Bank 1,33	O 123
•	Damart	AMEV	Swiss Volksbk 1 Union Bank 4 Winterthur 4		Fujitsu	+22	Sime Darby 1.73 Singapore Press. 5.45	+0.05 -0.02
	Ezux (Cie Gen)' 642 (23) Elf-Aquitane 190,8 1,2)	Buehrmann Tet. 90.3 -1.7 Calland Hidgs. 35.6 -0.9 Dordtsche Pet'm 174.5	Zurich ins 25		Hasegawa	+7	Public Bank	+0.02
	Ession 3,544 +8 Gen. Occidentale 725 -7 Imetal 98 -2.1	Elsavier NDU 125 ; -1.b	AUSTRALIA		Hitachi Credit 1.100	+11	SOUTH AFRICA	
	Lafarge Coppea, 540 +19 L'Orsai	Gist Brocades 199.4 -0.4		rice + or	Honda	-15 +80	July 16 Price Rand	+_0
	Legrand 2,209 -1 Malsons Phenix 250	Hoogovens 62.2 —0.2 Int Mueller 50.1 —0.5	ANZ Group 5 Alliance Oil Dev. 1	.0 +0.1 .05 -0.01	Hoya	+7 +20	Abercom	-0.05
	Legrand 2,209 -1 Maisona Phenik. 320	KLM	IAMON PRE Z	+ U	JACCS	+5 +3 -50	Allied Tech	+0.25
	Moet-Hennessy 1,925 —17 Moulinex 86,5 —0.5	Ned Mid Bank 206,5 -2,2 Nedljoyd 1751	Ashton 1 Aust. Cons. Ind. 2 Aust. Guarantee 2	.760.02	JAL	±6	Anglo Am Corp 30 Anglo Am Gold 168) ≠0.1
-	Nord Est	Oce Grinten 343 +4 Ommeren (Van). 29.1	Aust. Nat. Inds 2 APM, 2 Bell Group 7	.75 —0.07 .8 —	Kajima 405 Kao Scap 806 Kashiyama 687 Kirin 655	+1 +22 +9	Angio Am Gold 168 BaroleysBank 80 Barlow Rand 12.65 Buffals 67.50	
v	Petroles Fra 216 -3.5	Pakhoed	Ball Group	.7 —0.1 .4 —0.05	Kokuyo	-25 -15	CNA Gallo 5.6	+0.1
-	Peugeot S.A 357.2 —2.5 Printempts Au 273.2 —1.8 Radiotech 295 —5 Percent 1350 —10	Rodemoo 131,5 +0,2	Bougai reitle	.42 +0.02 .8 -0.05 .96 +0.06	Konighiroku 666 '	+3	De Beers 10.3 Driefontein 47.75	-0,1
	Powers Holef 1601 -4	Royal Dutch 196.7 +0.3	B.H. Prop 6.	54 +0.02	Kubota 363 Kumagai 772 Kyocera 3,880 Maeda Const 810	. 70	'Cald Cialda SA 35	
_	Sefimeg 372 SkisRossignol 1,375 +15 Telemeg Elect 2,485 -26	LINE COURT 941-R +91 9	CRA 5.		Makino Milling 953 Makita	+25	Highweld Steel	-0.15 +0.7
_	Telemec Elect2,48526 Thomson CSF 611 -9 Valeo	VRU 210.51.5 Wessanen 176.81.7 West Utr Bank 99.82.7	CastlemaineTys. 7. Coles (C.J.)	.16 —0.2 .0 +0.05	Marudai	-5 +10	Rembrandt 42	-0.5 +0.5
ŀ			Coslein Aust: 1.	.32 .75 ;	Makita	+40 +10	OK BAZARIS 10.5 2.50, Rembrandt 42 42 16.7 5afren 16.5 5age Hidga 10.5 5a Brawa 8.8 5mith (CG) 29.75 7.45	-0.1
	Individual exchanges and are 1	page are as quoted on the last traded prices. 5 Dealings	Elders IXL 3	.49 - —0.03 .1 —0.01	M'bishi Bank 1,690 M'bishi 672 M'bishi Elect 372 M'bishi Estate 869	_10	Smith (CG)	+0.05
	suspended, ad Ex dividend, a	IC EX SCUP ISSUS. XI EX NGNLS.	Energ Res1		M'bishi Estate 869	-18	Tongant Huletts. 7.45 Unisec 5.3	+0.05
		·						

NEV	V YO	RK.	OW JON	ES				٠			
	1	T		T.,	Τ	1	15	285	Since Co	opietos	
	July 16	July 15	July 12	July 11	July 10	Jely S	Hogb	Low	High	Loès	
Industriel	1,341.51*	1.335.48	F,338.60	1,237.70	1.332.8	1.321.5	1 1338.6 1 (12:7)	1184.50 (1.1)	1338.60 (12-7)	41.22 (277.32)	
Treasper	t 596.16°	B89.28	687.97	676.97	689.17	2 668.5	689.26 (15/7)	553.83 [4/1]	689.26 (15.7)	12.32 (2.7.32)	
Udilities	169_14*	1681.65	168.91	167.78	167 4	2 168.7	158.91 (12.7)		168.91 x12:7/25;	10.5 (23:4:42)	
Trading w	4	103.9m	120.3m	122,84	108.1=	99.00	-	-	-	-	
				July 5	Jo	ne 26	June 2	i '	fear Ago #	(1) (1) (1)	
ed Div Ye	49			4,58	1 4	4.59	5.10		5.04		
STANDAR	2 AND POD	15									
	July	July	John	July	July	July	198	5	Sence Con	موضا م	
	16	15	12	11	10	9	High	Low	High	low.	
Industria	212.75	211.78	212.4	212,23	211.70	218.29	212.48 -[12/7]	128.24 4/1	212.48 (12/1 155)	3.52 (30 %/32	
Composi	193,51*	192.72	193,25	192.94	192.37	191.85	193,28 {12/7	163.68 (4*1)	193.28 (12/7/85)	4.48 (1:6/32)	
		•		July 18	J	uly 3	June 2	8 '	ear Agn (/	(churs)	
	M %			3.53		3.70		3.72 11.90		2	
ind. P/E Ratio		**************************************		11. 9 9 10.20	11,96 10.44			10.67		10.65 13.31	
LY.S.E	TT CONNO	1				_	RESE	S AND FA	us		
July	Jely Joh	July		1985			1	July 15	July 12	July 11	
16	15 12	<u>) 'ii'</u>	Hagis	Low Low		suas trada	d 2	2,809	2 021	1,993	
112.37	111.93 172.1	3 111.95	(12.13		ij Fe	ses Es nchanged		874 680 455	848 661 514	943 618 431	
New York Active Stocks											
		Stocks Traded	3.00p. Price	eq ()	έγ .	1 Be		Stocks Traded	1.00p.m. Price 15%	Change on Day — \$4	
Bester La East Air Hesp Cp /	7	,056,600 ,588,400 ,585,900 ,833,400 ,532,880	224 451/3 154	+1	(/₂ Cro √₂ 1834 √₂ PM	- NS-Zel	1, 1,	407,390 272,109 883,509 029,608 967,400	41% 127¼ 11% 27%	+ 3/8 + 1/4s unct + 7s	
Am Hap S Bautar La East Air Hosp Cp /	7	,056,600 ,588,400 ,585,900 ,833,400 ,532,880	224 451/3 154	+1	(/₂ Cro √₂ 1834 √₂ PM	ms-Zel 4 Sps Pet	1, 1,	272,109 883,509 029,608 967,400	41% 127¼ 11%	+ 3/s + 13/s unct	
An Hap S Bacter Lai East Air Hasp Cp / Advances TOROMTO	1858 Des	,056,600 ,598,400 ,585,906 ,833,400 ,532,886 icas 451	224 451/ 154 154 1514 July 18	+1'	Ve Billion Va Billion Va the July 12	July July	1, 1, 1,	272,108 883,508 829,608 967,400	41% 127¼ 116% 27½ 85	+ ² / ₈ + 1 ² / ₄ s unch + ² / ₅	
An Hap S Bacter Lai East Air Hasp Cp / Advances TOROMTO	7	,056,600 ,598,400 ,585,906 ,833,400 ,532,886 icas 451	224 3 451/ 3 184/ 1 514/	- 1 + 1 + 1 + 1 + 1 + 1 + 1 + 1 + 1 + 1	Va Bis Va Bis Va Bis Va Bis Va Bis Va Bis Va Bis	ens-Zel 4 lips Pet sel Cp		272,108 883,508 829,608 967,400	41% 127¼ 11% 27½	+ % + 1% + 1% + 1% + 1% + 1% + 1% + 1%	

	Jely 16	July 15	J oly 12	Jely 11	16 High	185 Law
AUSTRALIA				-		
NJ ard. (1/1/80)	902 5	903 3	908.6	907.D	907.0 (11/7)	715.3 (7/1)
Metals & Mins. (1/1/80)	503.5	508.3	515.5	519.0	583.8 (20/5)	362.5 (7/1
AUSTRIA					-	
redit Aktien (2/1/62)	95 81	96.04	9 8.40	97.18	105.73 (17/8)	85.21 (24/
PLGIUM						
russels. SE (1/1/80)	Z298.46	2329.30	2337.61	2330.25	2384.12 (5/6)	2098.7 (18/
DENMARK Dominiana SE (3/1/83)						
	n/a	210.77	20B.3	211.59	211.59 (11/7)	158.44 (8/
FRANCE DAG General (31/12/82)	218 8	closed	219.80	218.3	233.1 (31/5)	100 0 2340
lod Tendence (28/12/84)	125.3	closed	125 40	124 BD	130.4 (31/5)	180.9 (3/1) 100.1 (3/1)
GERMANY						
FAZ Akten (31/12/58)	489.79	473.88	475,49	484.61	502.62 (5/7)	362.38 (3/
Consensionals (1/12/53)	1378.0	1388.0	1397.7	1424.B	1485.2 (5/7)	
HONG KONG	-		•			
Hang Seag Bank (31/7/64)	1632.99	1640.49	1815.78	1507.81	1647.88 (17/5)	1220.74 (2/
TALY						-
Sança Cossos Ital. (1972)	353.52	347.27	349.15	347.28	3\$3.52 (18/7)	228.56 (2/
JAPAN						
liker-Dow (16/5/49)					13040.10 (8/7)	
okyo SE New (4/1/88) VETHERLANDS	1031 80	1029.60	1048 38	1048 80	1055 81 (9/7)	916.93 (4 '
NE I MEMLANUS UNP-CBS General (1870)	215 1	216.7	217.49	218.5	220.8 (8/7)	185.8 (2/1)
UNP-CBS Indust (1970)	181.9	183.3	184.5	184.8	188 5 (8/7)	147 9 (3/1)
IORWAY						
ksio SE (4/1/33)	334.26	329 45	325.79	32D.97	345.97 (3/6)	288.18 (2/1
SINGAPORE State Topes (1966)	722.80	717.85	725 <i>.2</i> 7	734.78	852.85 (7/3)	717.95 (15/
SOUTH AFRICA						
ISE Gold (28/6/76)	-	949 8	952.8	851.7	1140.8 (15/4)	
SE Indust (28/9/78)	-	1035 9	1034.8	1030.8	1035.8 (15/7)	767,1 (7/3
SPAIN Radrid SE (28/12 '84)	110.38	197.00	109.96	110.52	117,41 (4/2)	101 48 (2/1
WEDEN				,	****** (***)	-21 -0 121
acebsne & P (11/58)	1312 53	1318.04	1324.74	1322.22	1488 95 (11/2)	1285.32 (9/
WITZERLAND				400.		
iexss Bank Cpn (31/12/58)	451.7	45B.8	484.5	461.1	489 1 (8/7)	386.7 (3/1)
VORLD						
Capital Inst. (1/1/70)	-	220.0	220.B	219.6	220.8 (12/7)	184 6 (4/1)
badicates pre-close Equite "						

NOTICE OF REDEMPTION

Indices

Electricite de France (E.D.F.), Service National

US \$300,000,000 Floating Rate Notes 1995

US \$300,000,000 Floating Rate Notes 1995

NOTICE IS HEREBY GIVEN to the holders of the outstanding US\$300,000,000 Floating Rate Notes 1995 (the "Notes") of Electricite de France (E.D.F.), Service National that, pursuant to the provisions of the Fiscal and Paying Agency Agreement dated as of February 10, 1983, and the Terms and Conditions of the Notes, Electricite de France (E.D.F.), Service National has elected to redeem on August 12, 1985, all of the outstanding Notes at a redemption price equal to 100% of the principal amount thereof. All conditions precedent to the Redemption of the Notes have occurred. The relevant authorizations of French Ministry of Economy Finance and Budget (including the Tax Department of such Ministry), have been obtained.

Payment will be made upon presentation and surrender of the Notes, together with all unmatured coupons appertaining thereto, at the main offices of any of the following: Morgan Guaranty Trust Company of New York in London and Brussels or Krediethank S.A. Luxembourgeoise in Luxembourge. Payments at the office of any paying agent outside the United States will be made by a dollar check drawn on or transfer to a United States dollar account with, a bank in New York City, New York subject to any laws or regulations applicable thereto.

Coupons due August 12, 1985 should be detached before presentation of the Notes and collected in the usual manner.

Interest shall cease to accrue on the Notes with effect from and including August 12, 1985 and all compons relating to any Interest Payment Date falling after that date shall thereupon become void.

Any payment made by transfer to an account maintained by the payee with a bank in the Value of States made to the payee with a bank in the Value of States made to the payee with a bank in the Value of States made to the payee with a bank in the Value of States made to the payee with a bank in the Value of States made to the payee with a bank in the Value of States with a bank in the Value of States with a bank in the Value of St

Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payers not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payer is not a United States person or an exercised IRS Form W-9 certifying under penalties of perjury that the payer's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when presenting your securities for payment.

Electricite de France (E.D.F.), Service National By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Dated: July 3, 1985

The Financial Times series of newsletters on energy topics combines the accuracy and authority of the Financial Times with the exclusivity, depth-of-detail and conciseness of

 a spec	
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	European Energy Profiles (twice monthly) analyses the current energy perture of each of the 19 West European countries in turn with an annual review of Western Europe as a whole making up the 20th issue.
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World Solar Markets (monthly) reports and a developments in the world renewable energy is business and investment opportunities.

World Petrochemicals (twice monthly) reports and analyses the latest developments in the international petrochemical industry. Coverage includes production and consumption trends, prices, policy, companies, distribution and technology.

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Company	
Address	
<u></u>	Telephone
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	 Partly-paid

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FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

The outlook proves more encouraging

INVESTORS displayed more optimism on Wall Street yesterday in response to favourable reports on President Reagan's medical condition as well as wider economic factors, writes Terry Byland in New York.

By mid-session, bond prices were more than a point higher, and the stock market continued to challenge its recent peaks as share trading showed a wel-

At 3pm, the Dow Jones industrial average was up 8.63 at 1.344.09 compared with the previous record closing level of 1,338.60 set on July 12 this year.

Reports of buying of U.S. federal bonds by foreign, probably Japanese, investors were borne out by the steadier tone in the dollar. But U.S. buyers were also in evidence, on a growing belief that Mr Paul Volcker, the Federal Reserve chairman, will tell Congress today that the Fed intends to continue de-emphasising money supply in formulating poli-cy. This would allow the Fed room to ease credit, in order to stimulate the sluggish U.S. economy.

Oil stocks were quieter but Detroit motor stocks improved despite the sharp fall in U.S. industry sales. Schlumberger, the oil search firm, dipped \$\% to \$36\%

on announcing lower profits.

Technology stocks rebounded strongly

STOCK MARKET DEDICES

DJ Industrials 1,344.09* 1,335.46 1,116.83

698.50°

596.74

648.48

10.24

503.5

95.61

136.03

2,296,46 2,329,3

July 16 Previous Year ago

689.26

937.2

599.08

650.91

10.25

12,698.26 12,598.77 10,177.60

1.031.80 1.029.60 774.95

508.3

96.04

1,904.6° 1,819.11 1,749.0 2,761.3° 2,756.44 2,172.9

219.8

125.4

469.79 473.86 330.26

1,632.99 1,640.49 791,16

353.52 347.27 208.99

183.3

334.26 329.46 239.61

717,95

949.8 1,035.9

1,312.53 1,318.04 1,474.55

458.8

220.6

July 18 \$319.75

\$317.51

\$321.00

110.38 107.00

1,379.0 1,388.0

181.9

722.60

451.7

July 15 220.0

GOLD (per ounce)

135.64 105.29

210.77 187.3

Year ago

89.59

123.8

871.46

Yr ago

894.7 875.9

90.02

169.5

\$316.50

\$314.83

\$317.25

\$318.40

1,239.5 1,243.6

460.60

1003.0

471.85

508.03

537.8

421.5

53.85

11.20

Yen

BFT C\$

192.72 151.60

500

MEW YORK

LONDON

FT Ord

FT-SE 100

FT-A 500

TOKYO

FT-A All-share

FT Gold mines

FT-A Long gilt

Nikkel-Dow

Tokyo SE

AUSTRALIA

Metals & Mins

Credit Aktien

Belgian SE

Metals & Minis

Portfolio

DENMARK

FRANCE

CAC Gen

Ind. Tendance

WEST GERMANY

FAZ-Aktier

HONG KON

ITALY

NORWAY

Osla SE

HINGAPORE

SOUTH AFRICA

JSE Golds JSE Industrials

Madrid SE

SWITZERLAND

Capital int'l

Swiss Bank Ind

SPAIN

SWEDEN

WORLD

Zürich

Peris (fiding)

New York (Aug)

Hang Seng

Banca Comm

NETHERLANDS

ANP-CBS Gen

ANP-CBS Ind

All Ord.

AUSTRIA

BELGIUM

CANADA

DJ Transport

S&P Composite 194.13*

KEY MARKET MONITORS

FT-Actuaries All-Share Index

on the absence of any new shocks from the quarterly reporting front. Honey-well, despite the fall in earnings, gained \$\% to \$61\%. IBM at \$126\% gained a fur-ther \$1\% and other winners included Digital Equipment, \$2% up at \$98%, Control Data \$1% firmer at \$29, and Burroughs, \$% higher at \$58%.

Heavy trading in AT&T stock contin-ued and, with both buyers and sellers in the market, the shares were only \$% off at \$21%. Among the Bell telephone companies, Ameritech added \$¼ to \$95%. Nynex \$1/2 to \$91% and Pacific Telesis \$1/4 to \$81%, all after disclosing results. However, GTE, the largest indepen-

WE REGRET North American stock price listings were not available for this edition due to the failure of a computer used by our Frankfurt printers.

dent telephone system, shed \$% to \$41%, on lacklustre profits growth.

Other sectors of manufacturing industry continued to report mixed fortunes. Cincinnati Milacron, the major U.S. tool-maker, dipped \$\% to \$20\% on a heavy profit fall. Scott Paper shed \$\% to \$20\% despite higher earnings, while great Northern Nekoosa greeted lower profits with a fall of \$\% to \$39\%.

Among the defence stocks, Northrop jumped \$% to \$55%, with a substantial profits gain boosted by special factors. Boeing added \$1/4 to \$47%, and McDonnell Douglas \$1/2 to \$84%.

Publishers McGraw-Hill dipped \$1% to \$48 after results. Time Inc., however, held steady at \$27 although profits were only modestly up.

Pfizer, the drug group, edged up \$% to \$52% on increased second-quarter earnings. Analysts were less pleased with Eli Lilly, however, and the stock dropped \$1% to \$87% on unimpressive figures.

U.S. DOLLAR

1,868.0 1,866.50

8.7575 2.393 3.2445

58.05

1.3525

ered rate) 3-month U.S.\$

6-month U.S.\$ U.S. Fed Funds

Treasury

8% 1987

11% 2015

AT & TA

1992

3% July 1990

Diamond Shamrock

Federated Dept Stores

U.\$. Treasury Bends (CBT)

U.S. Treesury Bills (IMM) \$1m points of 100%

Certificates of Deposit (INSK)

10% May 1993

10% May 2013

11.80 Feb 2013

12% Dec 2012

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

£50,000 32nds of 100%

LONDON

Sept

Sept

Abbot Lab

10% June 1990 101.27

237.65 8.7475 2.392 3.244

57.85

1.351

INTEREST RATES

U.S BONDS

Yield

8.67

Yield

10.80

10.65

104% 11.20 104% 11.20

77-16 77-24 77-09 77-12

93.01 93.03 92.94 92.96

92.37 92.40 92.29 92.29

92.08 92.09 91.93 91,96

112-14 112-25 112-14 112-20

July 16 438.55p £1,049.50

£1,648.00 £1,643.00

Prev 436.15p

£1,039,50

COMMODITIES

95% 11,10

99% 11.90

FINANCIAL FUTURES

Price

9927/2

Price

81.00

99%

10% March 1993 100% 10.50 100% 10.50

Other corporate features included Teledyne, down \$11/2 at \$258, IC Industries \$% off at \$33% and Lukens \$% lower at \$14%, all responding to trading statements. G. H. Heileman, the brewer, gained \$1/2 to \$20 on results.

Gains in retail and department store issues reflected the record levels of consumer debt reported in the U.S. Sears put on \$% to \$36% and K mart \$% to \$36%. Great Atlantic and Pacific was \$% better at \$16% on news that the board would be taking a look at dividend policy now that trading has improved.

Financial stocks, bought heavily ahead of the reporting season, looked a little weary as the trading reports unfolded. Citicorp, the biggest bank in the U.S., shaded \$% lower to \$49% as analysts scrutinised the earnings statement. At \$39%, Manufacturers Hanover was initially unchanged on the figures. Mellon Bank of Pittsburgh, added \$1/4 to \$56% as profits continued to recover.

Californian banks reporting included Security Pacific, down \$\% to \$30\% de-

spite increased earnings, and Wells Fargo unchanged at \$61.
Other regionals reporting progress included Texas Commerce Bancshares, \$4 lower at \$31% after reporting almost the only profit fall in the industry, and Baybank, \$14 up at \$57%.

Among takeover issues, American Hospital Supply settled at \$45%, a fall of \$% in heavy trading after agreeing to the Baxter Travenol offer of \$51 a share in cash and paper. Baxter, also reporting profits yesterday, gained \$\% to \$14\%, with about 2m shares traded. The defeated suitor, Hospital Corp of America was also heavily traded and shed \$% to \$50% as disappointed speculators baled

In the credit market, short-term rates eased downwards as federal funds dipped to 71/2 per cent after the Fed made \$2.5bn customer repurchase arrangements when the rate stood at 71/11 per cent. Bonds held very firm, although slightly off their best levels.

LONDON

1400

1300

1000

950

900

330.25 12.145

2,589.5

1.8725

121/4 51/4 51/4

8%

7% 7.60 7.04

9915 27

Prev

84% 10.80

10.04 10111/2 10.06

10.17 106152 10.18

10.36 1072% 10.40

10.00 101.27 10.00

8.70 81.00 8.70

3.32

80.5

330.0

12.165 3.32

4.505

2,594.0

1.8755

57/18

7½* 7.55* 7.015*

Recovery runs out of steam

AN EARLY attempt by London equities to extend Monday's recovery soon ran out of steam, but government bonds moved higher for the twelfth consecutive trading session.

The Financial Times ordinary index closed 8.5 lower at 928.7, having been 5.2 ahead after the first 30 minutes of trad-

Sterling and interest rate considerations continued to figure prominently in the gilt-edged market which saw a shift of interest to shorter maturities. Some short-dated gilts advanced % before turning away from the highest levels while selected gains of up to % were also seen at the longer end.

Chief price changes, Page 35; Details, Page 34; Share information service, Pages 32-33

HONG KONG

PROFIT-TAKING took its toll on share values in Hong Kong after Monday's strong performance, with the Hang Seng index once again meeting stubborn resistance as it nears the high for the year achieved in mid-May.

The index gave up 7.50 to 1,632.99 having moved 24.71 higher the previous session. Turnover was sharply lower at HK\$289.55m

Hongkong Land was 5 cents lower at HK\$6.35 in the wake of its decision to cancel the sale of its Excelsior hotel.

AUSTRALIA

THE EARLY strength of the Australian dollar depressed share values at the start of Sydney trading but prices picked up later in the day as the curren-

The All Ordinaries index ended a net 0.7 lower at 902.6, having been 2.6 down at one stage and the Gold index fell 8.7 to 854.1, despite gains in New York bullion prices.

Resources stocks led the market decline with CSR falling 4 cents to A\$3

CANADA

A SHARP rise in gold stocks underpinned a broad advance in active Toronto trading.

Among golds, Lake Shore posted a C\$24 advance to trade at C\$82 while Little Long Lac put on C\$1½ to C\$68¼ and Lac Minerals rose C\$1 to C\$30¼.

Montreal traded marginally ahead with advances in the banking sector but modest declines were recorded by industrials and utilities.

SINGAPORE

A TECHNICAL day's trading which saw stoploss selling alternating with short-covering left Singapore to close mixed with the Straits Times industrial index up 4.65 at 722.60.

Among actively traded issues, OCBC eased 5 cents to S\$8.25 while Pan Electric and Consolidated Plantations each rose 9 cents to SS2 and SS2.40 respec-

SOUTH AFRICA

GOLD STOCKS were mostly steady in light Johannesburg trading despite the improvement in the bullion price late in

Among leading issues, President Steyn firmed 25 cents to R48 and Vaal Reefs was 75 cents higher at R169.50.

TOKYO

Uncertainty lingers despite rally

AN UNCERTAIN mood overhung the Tokyo stock market yesterday, although some restrained buying of blue chipstocks among the biotechnology, electrical and precision instrument sectors un-derpinned a rally after Monday's sharp decline, writes Shigeo Nishiwaki of Jiri

The Nikkei-Dow market average advanced 99.49 to 12,698.26, the first gain in seven sessions. But volume shrank from 655.51m shares Monday to 403.69m. Gains outnumbered losses by 456 to 375, with 118 issues unchanged.

During the six-day losing streak, the Nikkei-Dow declined 441.33 points prompting some bargain hunting. However, many investors remained out of the market, doubtful about the prospects for blue chips and biotechnology issues.

Among biotechnologies, Mochida

Pharmaceutical scored a daily limit gain

of Y500 to Y10,090. Dainippon Pharmaceutical advanced Y300 to Y3,380, while Yamanouchi Pharmaceutical and Daiichi Seiyaku rose Y210 each to Y2,860 and Y2,090 respectively. Asahi Chemical closed Y855, up Y40.

NEC advanced Y28 to Y944, Matsushita Electric Industrial put on Y40 to Y1,290 and Hitachi finished Y11 higher at Y696. Fujitsu was up Y22 at Y926.

Precision instrument stocks also firmed, with Nippon Kogaku going up Y50 to Y1,040, Canon Y21 to Y1,020 and Olympus Y40 to Y1,060.

Constructions opened lower but were actively sought during the afternoon. Tobishima lost Y21 at one stage, but finished Y12 up at Y382. Japan Development and Construction added Y2 to Y371, while Nippon Hodo advanced Y70

However, Sato Kogyo, which had been leading construction issues, shed Y15 to Y363 and Kumagai Gumi dropped Y13 to

Large-capital stocks were actively traded, reflecting the yen's recent advance against the dollar, but prices were mixed. Mitsubishi Heavy Industries gained Y3 to Y323, but Ishikawajima Harima Heavy Industries, the busiest stock with 13.22m shares changing hands, lost Y3 to Y178. Nippon Steel, third with 10.50m shares, closed Y5 lower at Y161.

Elsewhere, Sumitomo Metal Mining jumped Y120 to Y1,930 on expectations that the results of test drilling at its gold mine in Kagoshima Prefecture will be announced shortly.

Prices eased on the bond market in light selling. Buying continued in the morning when the yen opened sharply higher at 235.20 to the dollar, but selling mounted as the rate declined past the 238 mark in the afternoon. The yield on the benchmark 6.8 per cent government bonds, maturing in December 1994, rose from 6.320 per cent Monday to 6.340 per

EUROPE

Brussels falls prey to politics

THE DISLOCATION in Belgian politics caused by the threatened resignation of the country's centre-right coalition Government shook trading in Brussels yesterday and effectively erased the advance scored over the past two months.

Other European bourses were generally weaker as they moved under the influence of Wall Street's overnight nervousness and persistent doubts about the dollar's future course.

The Brussels stock exchange index fell below the 2,300 barrier for the first time since May 23, declining 32.84 to 2,296.46. No sector was immune from the selling, which lifted volume to relatively high levels.

Professional traders were prominent sellers and analysts interpreted the absence of small investors as indicating a general belief that the political crisis will soon be resolved.

The heaviest turnover was registered by the financial holding company, Société Générale de Belgique which closed down BFr 25 at BFr 1,770 and in Petrofina, the nation's largest company, which registered a BFr 30 fall to BFr 5,580.

Stocks which generally have narrow markets were the sharpest losers. Electrical holding companies were prime examples with Electrobel down BFr 140 to BFr 8,400 and Electrofina BFr 95 lower at BFr 4.255.

Kredietbank was the main loser in the banking sector, dropping BFr 100 to BFr 8,850, while Solvay led the chemical sector lower with a BFr 100 fall to BFr

Frankfurt continued lower, dispelling notions that recent falls had taken prices to new support levels. The Com-merzbank index fell a further 9 to

Profit-takers appeared late in the session and wiped out many of the advances scored shortly after the start of business, as uncertainty grew about the impact of the dollar's decline on profits of export-oriented companies.

Automotive stocks were again at the centre of most concern. Daimler added to Monday's DM 24 decline with a fall, of DM 6 to DM 833 while BMW closed DM 11 lower at DM 389 and Volkswagen slid DM 11 to DM 292.50.

Banks were sheltered from much of the selling. Losses were generally smaller than those recorded on Monday with Deutsche Bank ending DM 3.50 down at DM 553.50 and Dresdner down DM 1 to

Among chemical stocks, BASF eased DM 3.80 to DM 212.80, Bayer DM 5.80 to DM 214 and Hoechst DM 7.20 to DM

212.80.
Bond prices were little changed and the Bundesbank cut its sales of domestic paper to DM 2.5m from DM 13.7m on Monday.

Profit-takers asserted firm control

over trading in Zurich with stocks deriv-ing part of their earnings from U.S.

sales under particular pressure. Hoffmann La-Roche's encouraging interim sales figures failed to rescue it

from the sellers and it closed SwFr 100 lower at SwFr 9,450. Among bank stocks, Crédit Suisse lost

My

SwFr 35 to SwFr 2,885. A broad decline developed in Amsterdam, also sponsored by the dollar's weakness.

Unilever climbed back from being Fl 4.50 lower during the morning to end Fl 3.40 lower at Fl 347.60 while among insurers, Aegon eased 60 cents to F1 97.40 and Natned 40 cents to F1 74.10.

Paris stocks were mixed with an easier bias towards the close as trading resumed after a three-day break for a public holiday.

The modest support during the morning was highly selective, centred on fa-voured banking and construction stocks. Milan displayed a distinctly brighter tone during heavy trading at the start of a new monthly account. A broad-range

of industrial issues gained ground with insurance and holding companies also well supported. Trading remained quiet in Madrid, although there was a slight upward trend. Stockholm edged lower in dull trading during the peak of the country's holiday

LITED

A recent analysis of satellite data has revealed a

secret profit-making centre in the tranquil surroundings of the English countryside only 70 miles north of London. Further investigations have discovered a series of mysterious operations in which businessmen have been making millions.

NETWORK UNCOVERED

A thorough examination of the satellite pictures shows the area to be in the middle of a vast network of communications. Heathrow, Birmingham International and East Midlands airports can clearly be seen within easy reach, and the East Coast ports are also nearby. And behind the whole of this network is a complex infrastructure of service and support.

RURAL LOCATION

It looks much like any other peaceful rural area: a pleasant mixture of towns and countryside and a mature society cheerfully tending its daily affairs. Beautiful houses line the streets, there's plenty to do, and the pace of life is comfortable.

SECRET ORGANISATIONS

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SECTION III

FINANCIAL TIMES SURVEY



Lisbon seen across the River Tagus

The collapse of the Centre-Left

alliance ends Sr Mario Soares'

two-year rule. However,

Portugal's foreign debt is now

Coalition falls on brink of EEC entry

By DAVID WHITE:

to an artistic

THE DESTRUCTION OF SHAPE

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TT WAS NOT just as a photogenic setting that the 16th-centary Jeronimos Monastery, set back from the Tagus Estuary, was chosen as the place for Portugal to sign its accession treaty to the EEC.

The monastery stands as an emblem for an age when Portugal's navigational knowledge made it the Silicon Valley of its time. The monastery was built after the return of Vasco da Gama from the expedition which first artiblished the contract of the contract outle after the return of Vasco da Gama from the expedition
which first established the sea route to India. For decades, Portuguese captains had been able Portugal has had since pushing down towards the the overthrow of the Caetano southern tip of Africa in search of trading riches. Once they had passed it, they renamed in the single-chamber assembly,

It was somehow typical however, that its political leaders should choose precisely this moment, as the country was achieving its prime long-range aim, to force the collapse last month of the Centre-Left coalition headed by Sr Mario Source. tion headed by Sr Mario Soares.

the Cape of Tempests the Cape of Good Hope.

The EEC is today's Cape of Good Hope for the Portuguese, reached with rekief after years of frustration for Portugal, reduced to the poorest among the former European colonial powers.

It was somehow typical however, that its political leaders should choose precisely this

The decision by Sr Anibal Cavaco Silva, the new Social Democrat leader, to pull the rug out from under the Socialists at this juncture—with presidential and local elections already looming at the end of the year—can hardly be a popular one. But it is also no great surprise. The coalition was virtually condemned to founder, anyway.

The Portuguese have 2 propensity for improvising, for

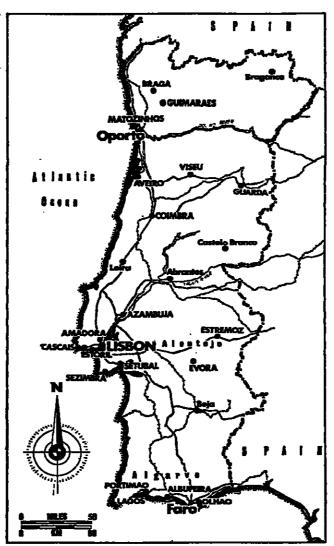
under control, a hopeful sign for the country's European entry. the Cape of Tempests the Cape has enjoyed the biggest parliamaking decisions on a short-of Good Hope, mentary majority. making decisions on a short-term basis; and for precarious.

The EEC is today's Cape of Now, with less than six solutions—an approach which

> state the damage. The Soares coalition did at least have time to bring Portugal's \$15bn foreign debt under control and dramatically improve its external payments situation, with a current account deficit down to \$500m last year from \$3.2bn in 1982.

Portugal's standing with the international banking community has improved immeasurably, and probably enough to see it through its political inter-

However, important reforms waiting to be undertaken before



entry—including an easing of the country's rigid labour laws —now risk being held up. Structural reforms have in any case been slow in materialising, making the most progress in the financial sector, which has been opened up to new Postuguese and foreign banks for the first time since the nationalisations of the mid-1970s.

Example to stand again.

The stand again of the forthcoming set of elections in the forthcoming set of elections is whether the two will be able to work smoothly together.

There has never been much doubt that Sr Soares—for whom the EEC treaty was a kind of consecration as a statesman—covers the prestige of the presidency. But has been decreased again.

One of the key problems in the forthcoming set of elections is whether the parliamentary majority will turn out the same colour as the presidency. Just like France, Portugal faces a potential constitutional jam in over this, particularly since the more "political" than Gen calculated the presidency.

Eanes.

Amaral, 44-year-old former deputy premier and former Christian Democrat leader, as well as the unorthodox figure of Sra Maria de Lurdes Pintasilgo, a former stand-in prime minister, who has managed to gather a strong Left-wing following. The current president, Gen. Antonio Ramalho Eanes, is not eligible to stand again.

Contents	
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Foreign investment: red tape delays	2
Economy: in far better shape	3
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and-forth to the polling stations, will produce any greater stabi-

Portugal has had 15 govern-

colonisation, which has meant absorbing close to Im people from the former African pos-sessions, a tenth of the Portuguese population. More decolo-nisation traumas loom now with the prospect of a deal with China over the Portugueseadministrated territory

standards seen immediately after the revolution have been considerably eroded in the last two years. Austerity policies crisis have left the country deep in recession. Exports have been thriving, but consumption at

home has withered.
Poverty is more dramatic today in urban zones such as Lisbon and Setubal than in the rural areas where it was always known. Regional development and the savings of country. People are prepared to nay contributions towards as "Dona Branca," a plausible old lady until the bubble burst.

The clandestine banking phenomenon known as "Dona Branca," a plausible old lady until the bubble burst.

The weekly draw for a new lottery, Totoloto, stops the country. People are prepared to nay contributions towards a emigrant workers have made a visible impact on areas such as Tras-os-Montes, the back-of-beyond of the north-east.

By contrast, some of the industrial centres are faced with a growing problem of real deprivation. Hunger is a campaign issue of the Communist party, and is treated covers the prestige of the presidency. But he is up against a In short, it is questionable as such by the authorities. But heavyweight of the Portuguese whether the coming months, as church leaders confirm the Right, Sr Diogo Freitas do the Portuguese go loyally back-

made worse by pressure on housing space and the break-up of the extended family.

Portugal has had 15 governments since the 1974 revolution —an average of one every nine months. The economy has suffered as a result (which is not to say that Portugal is in any way worse off than under the backward-looking Salazar dictatorship).

It should not be forgotten that at the same time the country has had to go through decolonisation, which has meant The Caritas aid organisation

These are the more spectacular symptoms of a pinch that everyone has been feeling. With inflation running at well over 20 per cent, real wages have dropped by at least 17 per cent in the last two years. Aina over the Portuguese Delays in salary payments have deministrated territory of become a fixed feature, affecting tens of thousands of The gains in average living workers.

workers.

The talking points in Portugal these days—apart from the dismal subject of politics—are bad debts, bounced cheques, contraband and speculation. The most famous example of speculative fever was the clandestine banking phonomenon known as "Dona"

The weekly draw for a new lottery, Totoloto, stops the country. People are prepared to pay contributions towards a new car for five years—five years, that is, before receiving the car—on the off-chance of winning one by a lucky draw on

The Portuguese will be the poorest members of the Common Market, with income per head that is half of

CONTINUED ON PAGE 3



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Split reveals the flaws in party system

Politics DAYID WHITE

FOR ALL their peaceable nature, when it comes to political disputes the Portuguese have a distinct penchant for "breaking the crockery."

It was with a kind of relentless slow motion that Sr Anibal Cavaco Silva, former Finance Minister and new leader of the minister and new leader of the Social Democrats (PSD), built up to a break with the Socialist Party after two years of Socialist-led coalition — setting the actual separation for the day after the two-party governnt's turnout to sign the EEC

The break was to be expected, even well before Sr Cavaco Silva, who stands on the PSD's right, took over the party reins in May. But the situation it creates is no easier to solve for

having been predictable. Some in the government had clung on to hopes that a break-down could be avoided. But two factors which have been loom-ing ever since the last general elections in the spring of 1983 made it difficult to see the government lasting much more than half of its four-year term

uncomfortable position after the 1983 election as minority government partner.
The points at stake between

the parties appear to have been little more than a petty pretext for a showdown. Their disagreements over legislative packages covering labour laws and the agrarian system were minor in comparison to the opposition to them from the

Portuguese politics.

Never out of government, as majority or minority partner, since 1979, the PSD has played a pivotal role, but the musical chairs at its head have been going at an ever-increasing tempo. Since the overthrow of dictatorship 11 years ago it has had seven leaders and nine leadership changes,

Sr Cavaco Silva is its third leader this year, after the departure in February of Sr Carlos Mota Pinto, then the Deputy Prime Minister, who later died of a heart attack at the age of 48.

Two years before, Sr Cavaco Silva had counselled Sr Mota Pinto against joining the Socialists in a coalition. After his election he reaffirmed his stance by throwing his weight behind the presidential candidacy of Sr Diogo Freitas do Amaral, former Foreign Amaral, former Foreign Minister and ex-leader of the Christian Democrat Social and Democratic Centre (CDS). A new alliance—on the right—

The so-called "central bloc" coalition led by Sr Soares had already been through a series of storms since the beginning of last year. It was clear that either the presentation of a

than half of its four-year term
— in itself a record in Portuguese politics since the 1974 revolution.

The first was the election due at the end of this year to replace Gen Antonio Ramalho Eanes as president of the republic — a contest in which Sr Cavaco Silva says he chose the last possible moment lic — a contest in which Sr Mario Soares, the Socialist Prime Minister, was an undeclared but obvious candidate.

The other was the chronic and permanent leadership crisis to in the PSD. made worse by its perform the difficult task of and permanent leadership crisis the CDS to the Right and to in the PSD, made worse by its perform the difficult task of uniting his own party, which is far from unanimous about its

latest turn, behind him.

Part of Sr Cavaco Silva's logic is that public opinion was beginning to penalise the PSD for its recent preformance. Now Sr Soares wants to see to it that Sr Cavaco Silva's party is further penalised for toppedoing the government.

But the PSD, inheritor of Communists. The real reason a powerful vote-gathering for the split lay more in the machine, is an electoral pheno--the central but div- menon which has shown in the



President Eanes (right) talks to Sr Mario Soares, the outgoin 7 Prime Minister, during a meeting of the Council of State last month to consider the government crisis

were in government the last of Sra Maria de Lurdes Pinta-time around, and so is Sr silgo, a radical Catholic and Alvaro Cunhal's Moscow-line former interim prime minister, Communist Party, which can promises a hard fight for votes count on close to a fifth of the

press in Sr Soares, always more comlapsed this summer, and they
fortable in political rather than
economic adversity. Accession
things to the EEC, to which he himself in a previous prime minisself in a previous prime ministorial incarnation presented
portugal's application in 1977,
the provides him with a kind of
provides him with a kind of
solely pedestal from which he can be
solely sean viewing the wrockes with
communists.

A revival of either the central
bloc coalition or of its CentreRight predecessor, the Democratic Alliance, would appear seen viewing the wreckage with a statesman's disdain. In the initial battle of words over who was to blame for the mess, he came out a clear winner .

It will not be clear until Portugal goes into the first round of the presidential elec-tions—run on French lines with a two-candidaate play-off-whether Sr Soares' rivals have

worst possible shambles. Sr master-plan. Sr Soares had cavaco Silva is quite ready to been working on the premise parliament and veto laws) but face general elections. So is that the right-of-centre parties few conventional weapons. The CDS, which is seeking would not be able to agree be-redress for its loss of support tween themselves on a candimanter, Sr Francisco Pinto visa-vis the PSD when both date. Meanwhile the presence Manster, Sr Francisco Pinto Research, advocates swapping

The crystal ball is clouded by More reluctant are President
Eanes, on the grounds that
Portugal can ill afford more
elections right now, and
Sr Soares.
But this is the kind of political fix that brings out the best Sr Soares.

But this is the kind of political fix that brings out the best in Sr Soares, always more com
But this is the kind of political fix that brings out the best stable than the one that colin Sr Soares, always more com
lapsed this government. The four main parties have produced no combination more in the parties have produced in the parties have produ

bloc coalition or of its Centre-Right predecessor, the Demo-cratic Alliance, would appear

The other drawback lies in the "semi-presidential" constitution, a Portuguese comstitution, a Portuguese compromise in which President his own majority? Sr Freitzs
and Prime Minister both have says that would reduce the
the leading role. Sr Soares
describes the president's functions neatly as having the stomic

objectives.

But what if he failed to get
next presidentials in 1990?

Out in his palace at Belem,
President Eanes has been compared to a sphinz. Like the
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President Eanes has been compared to a sphinz Like the
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President Eanes has been compared to a sphinz Like the
sphinz in the failed to get
out in his palace at Belem,
presidentials in 1990?

Balsemao, advocates swapping this for a U.S. style pres run the executive but be unable

Hitch

The real hitch in the current system, as in the French conand the parliamentary majority. elected separately and for different periods of time, tume out to be in opposing camps, Sr Source sees himself as esident slitting serenely over Socialist-led Portugal. Sr

Freitas-who will fight for the presidency on a well-defined political platform, including difficult at the moment—but on the other hand the next general the Right and holding partial election seems unlikely to break mentary elections which would the pattern. denationalisation ment supporting the same

Unlike Fifth Republic France, which has yet to face the reality of a class between President and panliament, Portugal has already had a fore-taste. President Eanes, although elected on a non-partian platform, was at odds with the last Centre-Right government and, certainly since the beginning of this year, with Sr Soares.

The June crisis, by placing key decisions in the President's ds brought Gen. Eanes back into centre-stage just as he was coming to the end of his effective powers. With his military susterity and distante for party-political practice he has gained a respect that any civilian politician might envy. One of the more fascinating questions is how Gen. Eanes on the Left and on certain sectors of the Right, will play his cards now. A small new party—the Democratic Renewal Party (PRD)—has just been formed around him. Will be seek a major new role or bide his time for a comeback at the next presidentials in 1990?

Delays frustrate new schemes

Foreign investment by major sectors

Foreign investment DIANA SMITH

PORTUGAL IS eager for Investment Institute em-powered to steer applications through official channels and through omicial channels and to provide back-up services for existing foreign investors, devotes much effort, money, and often-touching goodwill to promoting the image of Portugal as a receptive host able to work with new partners from all over the world.

thing to trumpet hospitality for new foreign investments and another to handle them at speed, open-mindedly, and with due understanding of the econ-omic, marketing or technologicas advantages they can bring.
Above all in Portugal, 50
years of isolationist dictatorship

have their residue in continu-ing overtones of a viscerally-feit but intellectually-denied suspicion of outsiders. The result is that the insti-tute's no-nonsense President, Sr Viana Baptista expends con-siderable energy in a continuing struggle to nag or coax dilator officials into approving major investments before their promo-Manufacturing of metal products, transport machinery and equiptors go grey with age or jaun-diced with impatience and frus-

Tangles

Recognising the urgent need to streamline bureaucratic tangles, through which dezed would-be foreign investors of any magnitude must meander before being allowed to contribute dollars, pounds, deutschemarks or france to Portugal's capital-starved economy, the institute months ago prepared a new foreign investment code.

This penmits rapid epproval

of small foreign investments— particularly of EEC origins which have five years to liberal-ise until the point is reached where a candidate can consider his project approved if, within 60 days he receives no com-munication that his proposals are detrimental to the Portu-

guese economy.
The government has yet to approve that new code, with only five months to go until Portugal joins the EEC. Meanwhile, though direct foreign investment and the degree of interest by potential investors have grown in the past two years, they would doubtless have grown faster if the image of Portugal's bureaucracy were

not so bleek.
First the good news. The growth in direct foreign investment to May this year to an accumulated Es 8.3bn (\$48m) compared with an accumulated Es 6bn for the same period of

The most rapid growth was in the area of agriculture, food drinks and tobacco (growth of

robot plant, producing small electric motors for sewing machines and other household appliances, opened in May in Ovar at a plant in which Belgium's ACEC holds a 65 per cent interest—although all the plant's capital was raised in Portugal.

Some 20 electronics com-

As Portugal inches into the ments worth tens of millions EEC, U.S. and Far Eastern companies are examining Portugal in less-immediately-measurable as a springboard to the enticing terms, offering technology, mar-Community market U.S. ket exposure and modern interest grew parily thanks to management methods—all of a dynamic U.S. ambassador, H. Allen Holmes, who with his needs.

Banks/financial institutions

Pharmaceuticals (trade value)

Chemicals
Food, beverages and tobacco
Metal ore mining
Real estate operations/services
Entertainment and cultural services

help the country on her path to tical crises. stability. Now the U.S. govern-ment wants private business to do its part. High-profile U.S. had begun to pay off.

Other diplomatic missions have had to sweat for lesspanies, many recently-estab satisfying reasons, patiently lished, operate in Portugal. Of trying to persuade recalcitrant total investments of about officials of the need to remove \$470m in 1984 in this sector, 78 artificial obstacles blocking half

1984

15.3

18.04

8.09 8,04 6.19

9.6 6.2 5.0 4.8 4.3

1983

17.8

5.3 10.8 3.4 5.4 6.1 4.3

nearly 100 per cent with the advent of new dairy product concerns among others), metallurgy and minerals.

At the same time, the number of high-technology concerns are growing—a vital area for Portugal which lags behind the rest of Europe in development of "third wave" technology. Portugal's first fully-automated

Minor officials arbitrarily business missions earlier this year showed that Ambassador delayed decisions; their seniors Holmes' well-bred arm-twisting seemed unable to impose order; the foreign investment inst tute found its authority bypassed and, for months on end, no senior official seemed disposed to take the matter in hand and expedite a decision.

Harsh lessons were learned per cent is foreign.

a handful of new foreign invest- by British investors as the As Portugal inches into the ments worth tens of millions stranglehold of excessive red tape grew. One project involved partnership in a state-run mining company, the other with a pulp mill whose majority shareholders are nationalised banks. Such ordeals are unlikely to recur.

Chances abounded an infinity of departments, sub-departments and sub-sub-departments to interfere, whatever the waste of time. That the projects survived is testimony to the endurance of the promoters and to the last-minute resolve of Ministers after months of nervous dodging to save Portugal's face and take decisions.

The contrast between their original understanding that the projects were highly suitable, and then a suspicious attitude of "Are we, a poor, inexperi-

enced country, being short-changed?" was startling.

A new foreign investment code followed with the utmost flexibility would seem a cate-gorical imperative to help offi-





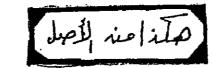
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PORTUGAL 3

The operation of an 18-month IMF-negotiated emergency plan has got Lisbon off the hook as a borrower

In remarkably better shape

Economy DAYID WHITE

TWO YEARS was the minimum. period considered necessary to lift Portugal out of the economic mess it found itself when Sr Mario Soares' Socialist-led coalition was voted into office. The country made it—two years to the day from the coalition part to the announcement by the minority partners, the Social Democrats, that they were pulling out.

For Sr Ernani Lopes, the independent whom Sr Soares called back from Brussels to take charge at the Finance Ministry, the intervening period has been "no joke." When he took over, and installed a new took over, and installed a new light at his desk to enable him to work at night, Portugal was on the brink of being included in the same bracket as Latin American debtors, and was forced to negotiate stringent policies with the IMF in exchange for support.

After the operation of an 18-month emergency plan and the fulfilment of most of the aims laid down by the IMF, the coultry's external payments today are in remarkably better

Halved

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The deficit on the balance of payments current account, which reached a comparatively dizzy record of more than \$3.2bn in 1982, was virtually halved in 1983 to a level well within the target range. For last year a target of \$1.25 was set, and the result at about \$500m was below half of that. In the was below half of that. In the first quarter of this year, the deficit was once again, only half what it was a year before.

The growth in the foreign debt, which was going at 25 per cent a year, has slowed right down, with the total at the end of last year standing at \$14.8bn,

itself off the hook as a borrower. As a result, government policymaking aims for this year undexwent a switch. The focus of concern is no longer on the external accounts so much as cannot function without an on ways of reviving economic activity and controlling infla-

The decision two years ago to scrap price subsidies and make way for realistic prices inevitably acted like a booster-rocket on the inflation index.

The average annual inflation rate though last year reached 29 per cent; the year-on rate in December was just over 21 per cent, but that was phoney—the result of increases being shoved forward into January. This year the target is, to bring the the target is to bring the average back to 22 per cent, with a 20 per cent rate at the end of the year.

On current trends the target can be reached, with the escudo continuing to be devalued on a 1 per cent a month "crawling peg" system to make up for the inflation difference with Portugal's trading partners.

The real problem is getting a recovery going. Portugal is still knee-deep in recession. It has had two years of negative growth; real incomes, which were aiready slipping in 1932, fell by 7 per cent in 1983 and by 9-10 per cent last year, according to official estimates, and by more according to union and by more according to union leaders. It may be hard to stop a further fall this year as the Soares evalition government had hoped.

The sharper-than-planned reduction in the current account deficit is seen as a bad sign. Last year's performance was not only due to strong exports and high tourist receipts but also to the effect of the recession on

This year's current account deficit, instead of being close to \$1hn as planned, could be as low or even lower than last year's according to some experts -this time without much help from the export sector.

of last year standing at \$12.500, and the country—spared of any further need to touch its remaining 630 tonnes of gold—thas been able to build up its liquid reserves.

Merchandise exports, where have risen rapidly in the last two years, thanks partly to the advantage resulting from the strength of the dollar, and the receptive U.S. liquid reserves.

The deficit of the administrative public sector has been held almost stable at about 10 per cent of gross domestic product, after a relaxation of some spending constraints last year.

In short, Portnigal has got the fall in demand for imports,

the balance of payments would be a poisoned gift. "Portugal cannot function without an external deficit," said one govon loans is high, interest on ernment planner.

Indicators such as the demand for cement, or steel for con-struction, or fuel oil, are sharply down. While forecasts are for an economic growth rate of 1.5 or 2 per cent, regain-

Portugal in figures

Current A/c Deficit Inflation	3.2 22%	1.7 26%	0. 29 9
Exports Imports	1982 4.1 8.9	5bn 1983 4.6 7.6	198 5. 7.

ing what was lost last year, there is no sign as yet of an investment recovery.

The initial aim of 3 per cent growth, partly based on the expectation that companies would re-build their depleted

One of the main impacts of entry will be a change in the attitudes and long-term confidence of both Portuguese and foreign investors. However, nothing appears likely to make actual investment pick up this year. With many sectors, such as capital goods, operating at 70 per cent of capacity or less, the hoped-for investment revival looks like taking some time.

A major obstacle has been the level of interest rates on loans, which are easily the highest in Europe, with rates on mediumterm loans at around 32 per cent. On short-term loans the level has been about 30 per cent, which thanks to the Portuguese system of collecting in-terest up-front is equivalent to 34 per cent.

The persistance of such high rates—against an inflation average of 24 per cent during the first third of this year—has provided, along with restraints on government expenditure on goods and services, one of the main elements of resetrictiveness in Portuguese policy.

now there has been little leeway for bringing rates down with-

customers' deposits has been low in real terms, with a rate of about 27 per cent on a time de-posit yielding only 21.4 per cent after tax. The only way out of this jam referred to by one senior banker as the main obstacle to the modernisation of the financial system—is by sacrificing part of this source of revenue to the Exchequer.

Apart from whatever stimu-lation can be achieved through interest rates, pressure is building up for a more expansionary policy stance. Portugal's budget deficit is hardly expansionary at all, since it is almost entirely accounted for by the cost of servicing the public debt.

Proposals are currently afoot to start issuing short-term Trea-sury paper for the first time in order to extend the range of financial instruments available.

sultative and legislative proces-ses have done nothing to help in getting a recovery going— and neither, certainly, does the latest bout of political pre-

Employers have been waiting for more flexible labour rules, arrangements for lay-offs have been introduced but a controversial labour package, which would among other things make redundancies easier, has been held back.

Many companies are main-taining artificial lives. Plans to update the country's antiquated and slow bankuptry proce-dures have not materialised, and banks are reluctant to press for legal settlements. Bad debts have meanwhile soured, and delayed wages have become standard practice in bunderds

Portugal's rate of 11 per cent is therefore somewhat in defiance of reality. Unless there is a substantial pick-up in activity it would logically be considerably higher.

Planners forecast that total employment will increase, especially in the service sector, but not enough to absorb all the new arrivals on the job market. For young Portuguese, the prospect on the home front

PORTUGUESE ECONOMY

FROM STABILIZATION TO

MODERNIZATION AND GROWTH

Portugal is a small, open and new industrialised economy. Imports and exports account for a large share of demand and output. Imports are predominantly noncompetitive namely energy-related (petroleum), food and raw materials. Exports include manufactured goods (textiles, chemicals, paper and pulp) and services (tourism).

The second oil shock, a severe drought, the international recession and the attempt to sustain a high level of domestic demand and employment all led to a deterioration of Portugal's external payment position. High interest rates in international markets and adverse exchange rate developments com-

pounded the problem.

The stabilisation programme implemented in the past two years to reverse the growing deterioration of Portugal's external payments position, achieved its ends. More than that, the effects surpassed the targets established on the stand-by agreement with the International Monetary Fund signed in October, 1983, and revised in August, 1984.

The devaluation of the escudo, an increase of the interest rate and a substantial tightening of monetary and fiscal policies, were the most important instruments of the stabilisation programme. Utility prices were increased in order to reduce the deficit of state-owned enterprises. Some other administered prices were allowed to rise so as to lower subsidies and therefore the budget

In 1983, the current account deficit came down to 1.6 billion, against 3.3 billion in 1982, while the target agreed with the IMF was \$2 billion. In 1984, the deficit was \$520 million, less than half the target of \$1,250 million.

This important recovery was the combined result of domestic demand restraint and expenditure switching policies. Domestic demand decreased by about 7 per cent in real terms both in 1983 and 1984 but its negative effect on output and employment was softened by the positive contribution of

was statemed by the positive contribution or external trade: exports increased by 17 per cent in 1983 and 14 per cent in 1984. Public sector borrowing was cut very substantially. As a share of GNP, the public sector borrowing requirement fell in 1983 by about one-third of its 1982 value. External debt growth decellerated noticeably and the service burden was improved.

Although Portugal has been able to reverse unfavourable previous trends, and to stabilise its financial situation, it could not avoid suffering the associated economic and social costs. Inflation has increased as an immediate result of the price liberalisation measures and of the escudo devaluation: unemployment has risen.

Economic activity is at a low level, particularly in the domestic-oriented sectors. Gross domestic product dropped by 1.7 per cent in 1984 after a marginal fall of 0.5 per cent in

The financial stabilisation accomplished, the country is now introducing structural changes which are imperative for a better performance of the economy and for a successful integration in the EEC. The Treaty of Accession to the European Economic Community was signed on the 12th of June and Portugal will become a full member in 1986. This will have an enormous impact on the Portuguese economy and the authorities believe in a favourable effect, in spite of the risks involved to the less efficient industries. Time has come to develop the country through the modernisation of agriculture and fishing and the technological improvement of the main industries. It is experted that the opening up to private capital of sectors such as banking, insurance, cement and fertiliser industries will work in that direction. Ten private banks were recently allowed to operate in Portugal. Furthermore, the modernisation of the financial sectors enjoys a high official priority. A set of new policy measures was recently approved in order to modernise and diversify the money and capital markets. A decrease of the interest rate, which has been tested as an efficient tool of the monetary policy, is expected to stimulate a careful but effective economic

However, the efforts towards modernisation and development of the economy will have to count, to a large extent, on the co-operation

of foreign investors and with the international financial community.

Attractive conditions are offered to direct foreign investment. It can rely upon high profitability, favoured by skilled manpower, low labour costs, tax facilities and significant growth potential. The forthcoming EEC membership is another strong incentive to foreign investors. It is hoped that they will ion in this modernisation effort. join in this modernisation effort.

Rua do Comercio 148, 1100 Lisboa, Portugal

Coalition falls as Europe looms

CONTINUED FROM PAGE !

Ireland's and two-thirds that of Greece. Joining the FEC now provides the country with its best chance of catching up.

Sr Soares says it will change radically in the next five years. Portugal has at least got a good financial deal out of the Community, even if its conditions of entry leave something to be desired in trade arrange-

ments or in social affairs. It slowest in Europe—is one of the will be getting large packages or per-requisites for getting a substantial in addition to compensation for levies on grain ment, along with the need for imports and reimbursement in less red tape. So far, despite the initial years of its contributions.

Portugal's lower wage costs, the but of the second half of next year.

The Government's negotiating strategy has concentrated above all on gaining access to funds to promote development, including regional, agricultural and industrial assistance.

Better to investment related to EEC enlargement has gone to Spain.

Entry is a formidable challenge to the Portuguese administration, which has scant international experience and ail on gaining access to funds to promote development, including regional, agricultural and industrial assistance.

Better infrastructure—such as the roads, which must be the second-level personnel. Wisely,

the second half of next year. Meanwhile, 100-150 top people will be creamed off for jobs in Brussels, where a senior civil servant stands to earn five times his present salary in escudos.

"Who will be left to deal with everything here?" asked one official, only half joking. What Portugal makes of the EEC depends on a number of factors, among them its politi-cal environment and the trouble-making potential of the anti-EEC Communist Party.

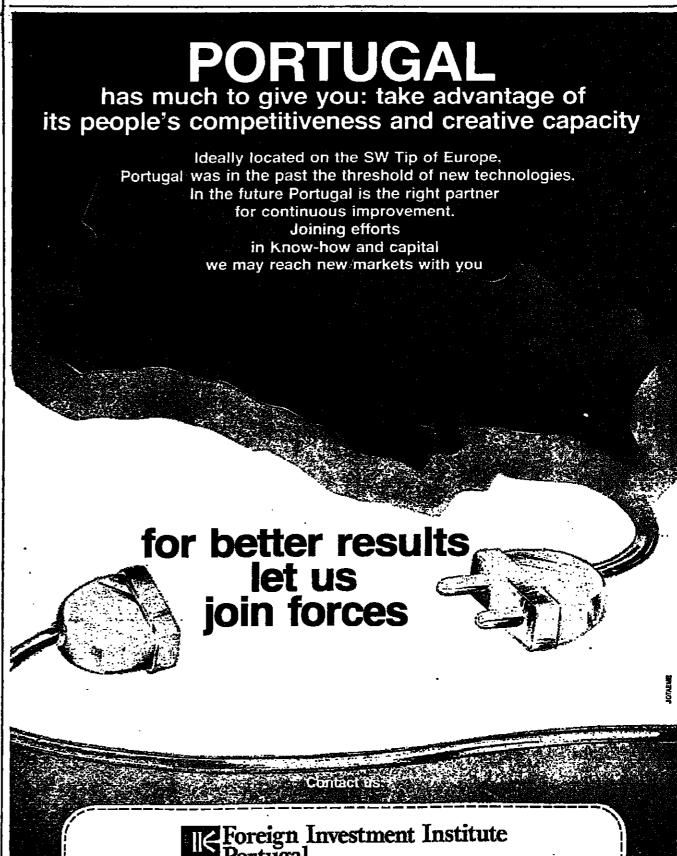
Two major worries loom. One is the farmers. Portugal is the sole case of an applicant counsole case of an applicant country in which prices for key products such as maize and milk are higher than the EEC's. Price-support policies, which have made the two-cow farm viable in a country which has to import more than half the agricultural produce it consumes, arguably could not have been sustained much longer anyway. Incomes will now be hit.

Although it is hoped that agricultural investment will offset the negative impact, the
farmers, who are still 23 per
cent of the workforce, are the
people expected to suffer most from entry. The sector has a 10-year transition in which to re-organise, but EEC competition will make itself felt well before the end of that period.

The other big problem is Spain. Portugal and Spain have always lived back to back; now in the EEC they face each other. For Portugal—despite potential improvements in trading conditions under the two countries' recently-concluded bilateral agreement—it promises to be a shock.

Spain's more developed economy now presents Portugal with both its biggest opportunities in Europe and its biggest dangers. The continuing fishing incidents between the two countries, in a long-running dispute over Spanish fishermen entering Portuguese waters, could be just a prelude to a major new source of friction in the EEC.

Next month is the 600th anniversary of Castile's defeat at Alujubarrota, which secured Portugese independence (and which was celebrated by the building of another marvellous monastery, at Batalha). The Portuguese are no less wary of Spain now than they were then.



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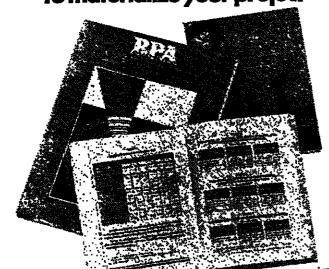
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Mixed views on EEC prospects

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Industry/exports

THE INTERNATIONAL Monetary Fund recently heaped praise on Portugal for its accomplishment in reducing its

hronically bad trade deficit. By any reasonable standard. By any reasonable standard, Portugal has cause to be proud, having lifted its export earnings on current account to a record \$9.4bn, up from \$8.5bn the year before, and having reduced its deficit to \$9.9bn from \$10.1bn the year before. While this still leaves Portugal in deficit on its current account of \$520m, it is the lowest since 1979, about the

time the IMF began sounding dire alarms about the state of

the economy.

In terms of merchandise trade, the gap between imports and exports also continued to and exports also continued to narrow. With exports at \$5.2bn and imports at \$7.2bn in 1984, the deficit fell to \$2bn, down sharply from \$3bn in 1983 when exports and imports were at \$4.5bn and \$7.6bn respectively. Politicians in Lisbon have wasted little time in seizing on the epod trade performance to the good trade performance to predict that it will continue to

of Portugal's entry into the Already, some 55 per cent of Aiready, some 55 per cent or Portugal's exports go to the EEC, with 50 per cent originating from the Ten. The limited tariffs that exist between Portugal and the Community will be phased out over seven years, which will mean an even closer economic integration for

mprove next year as a result

But Portuguese industrialists and entrepreneurs are nothing if not sanguine about what EEC entry means. Many say that entry will make no difference to trade. However, others fear the effects on their industries because of the loss of protec-tion. Still others blame Lisbon's political motivations in pushing for membership.

According to one leading usinessman, since Portugal has hown itself incapable of businessman, since Portugal has shown itself incapable of running its own affairs in the past decade, it has ceded a share of its sovereignty to Brussels in the hope that the Community can serve as the country's economic motor.

In the industrial sector, the range of products on which portugal does impose duties,

market can be truly considered wide open again—in effect, a severe brake on the prescription export flood.

One sector which is an unbished last year was the Portugal's footwear industry. The industry the latter having and now ships \$175m in Esc 3.5bn more than double the

tariffs will be phased out over the seven-year transition period. A particularly tough concession is the requirement that Portugal eliminate over three years the practice of "registering" imports, a bureaucratic ap-paratus left to the whim of Government officials which ser-ved to slow the flow of imports.

The chief thrust of the export success has come from the booming textile industry. It is here that the effects of Community membership will prove most painful.

The sector employs 300,000 and last year accounted for more than Ese 207bn (\$1.1bn) in export sales, or about 28 per cent of its overall sales income These figures have shown extraordinary growth from levels of just Esc 16bn in 1976. But according to Sr Ribeiro da Silva, head of Portex, the Portuguese textile association, the figures obscure the serious malaise affecting the industry.

Over-extended

Major sections of the textile trade, particularly yarns and cloth producers, have been producing at below cost just to stay in the marketplace and are woefully over-extended with Portuguese banks, where they are paying interest rates at upwards of 30 per cent.

This problem, while less pervasive within the compara-tively healthy knitwear and ready-to-wear market, will only add to the opening of Portugal's flat but protected domestic market, which contributes 72 per cent of all sales. In short, severe rationalisation of the industry will take place in the next few years, marked by increasing bankruptcies, unem-ployment and takeovers by foreign concerns.

3 per cent increase in each of the next three years before the market can be truly considered

Eschi Portugal's Textile 220 Exports ___ 200 180 120 100

footwear abroad. This figure is expected to grow by a further 33 per cent by the end of 1985. Sr Manuel Carlos, head of the

Sr Manuel Carios, head of the Portuguese Footwear Association, says some rationalisation will occur, but nowhere near those expected in the textiles sector. Portugal has about 1,000 shoe factories, 200 of which export Because footwear is a comparatively new export procomparatively new export product, the sector is not subject to the EEC controls that affect textiles. It will, however, have to open its own markets to outside competition.

SINGE COMPETITION.

Sr Carlos says the only serious threat to the domestic market will come from cloth and synthetic shoes, mainly from the Far East. As the Portuguese product is basically leather, the industry, as a result of the law. industry, as a result of its inexpensive labour, is well placed to keep building its higher quality market share within Europe. While it employs 42,900, its output is just 10 per cent of that of Italy, Europe's top producer. As such, it has, he believes, m market flexibility. much greater

"This means simply that only those companies that have modernised and held their debts down will survive," Sr da Silva said.

EEC entry will not relieve pendent banking institutions, their problems either, for textile shipments will be limited to a laws making it possible for ing laws making it possible for increased participation in the Portuguese economy by foreign

under Portuguese law. It is not surprising that the drive to set up new banks is coming from the entre-preneurial class of Oporto rather than state-owned or para-statal institutions in greater

It is widely expected that in a few years, that the new banks will provide a valuable base for sound economic consultation and support for foreign and domestic investors.

The private banks' strength will be drawn from the quality and experience of their primary backers, such as the Sociedade Nacional de Estratificados (Sonae) holding group and Refinerias Asucar (R.A.R.) Holdings, each with operations throughout Portugal but based in the north.

Sonae's experience should prove invaluable as it was a unit of a bank caught in the unit of a bank caught in the revolutionary wave of national-isations. It was able to be spin off and stayed in the private sector, basing its operations on wood products, chemicals and in supermarkets of which it operates 40. It has added real estate and tourism services data represents and a

vice-president, explained that the company "does not want to have to invent inventions." This means that as part of its indus-trial strategy, it favours joint arrangements, sharing its exper-tise with others to undertake profitable ventures.

One such venture, to be launched this autumn, is a plan to open Portugal's first hyper-market in Oporto, with a second to be started in Lisbon next year. Sonae is undertaking the project with the Continents hypermarket group of France.

Capitalise

RAR which owns one of Por-tugal's three sugar refineries, managed to capitalise on the corporate uncertainty of the late 1960s and 1970s at which time Portugal had a total of 27 refineries. It now has half the

Portuguese market. While the sugar market is now saturated, the expansion gave it the base from which to extend operations into chocolate production, coffee distribution, transport, computer programming and travel services. or which it operates 40. It has added real estate and tourism services, data processing and a trading company to its operations. ading company to its the insurance sector and is courting joint venture pariners Sr Fernando Calvalho, Sonae's from Switzerland and the UK.

Banks emerge from maze of bureaucracy

Financial institutions DIANA SMITH

INCH BY INCH Portugal's banking system is creeping out of its bureaucratic maze towards a clearing where the market forces can operate more effectively.

As a result of legislation in 1983 that ended an eight-year-old state monopoly of 1983 that ended an eight-year-old state monopoly of domestic commercial tranks—whose only competitous were the long-established Bank of London and South America (now Lloyds)—Credit Franco-Portugais (Credit Lyonnais) and the Banco Do Brasil, the rate of change has accelerated. Competition is replacing stagnation as the name of the game. Ten banks have been granted licences since August 1984: six are branches of major inter-rational banks, one is a Portuguese investment bank, three are new privately-owned Portu-

Banque Nationale de Paris. Bardays, Chase Manhattan, Citibank, Generale Banque de Belgique and Manufacturers Hanover Trust are edvancing on a small, rough-hewn market, ready to compete energetically for composate financing and hurative short-term trade

No other foreign banks are likely to be authorised for some years: Portugal has a seven-year transition agreement with the EEC which permits her to progress with all due slowness towards free right of establishment for EEC banks.

Even more interesting in domestic terms, sizeable groups of Portuguese capitalists have recovered from the collective trauma inflicted by sweeping bank nationalisations in revolutionary 1975 and through solidly financed new Portuguese institutions, Banco Portugues de Investimentos, Banco Comercial Portugues, Banco Europeu de Credito and Banco de Comercio e Industria, signalled their willingness to take risks and intention to make money on a diversifying market.

Assets abroad

One newcomer whose licence has just been granted, the Banco Europeu de Credito, marks the return to the local scene of the Espirito Santo family whose Banco Espirito Santo e Comercial de Lisboa was nationalised in March 1975. The family left the country and built up assets abroad, buying into small corporations such as Florida's Bank of Biscayne.

Now, in association with France's Credit Agricole, they seem to have written-off their dramatic past and opted to align themselves with Portugal's future.

But the Espirito Santos are not the first members of Portugal's former moneyed elite to relaunch themselves in the financial world, J. M. de Mello, member of a dispossessati member of a dispossessed family that once owned banks, shipyards, chemical and fer-tiliser industries and interests in virtually every sector of Portuguese conomic life came back sooner, and discreetly joined forces with Morgan Guaranty and the Deutsche Bank in an investment company MDM (Morgan-Deutsche-Mello) that since its inception in 1983, like the four other investment and financial service companies that after 1981 preceded new banks, has done a profitable business in medium-term pro-ject financing and promotion of securities, above all since the blossoming of the local bond Private and public bond

placements have begun to be the stuff of which Portuguese finan-cial institutions' profits are made although there are regular complaints about the authorities' slowness in authorising new issues.

Now another financial instrument eagerly awaited by banks and other financial institutions and enthusiastically promoted by the new governor of the Bank of Portugal Sr Vitor Constancio, is due to be offered the market shortly. The project is supported by the Finance Minister, Sr Ernani Lopes, but suffered delays after the political crisis engineered by new Social Democrat leaders in early June temporarily bogged down major

The instrument — negotiable three or six-month Treasury Bills offering attractive tax-free interest—is aimed at a number

Strains

First, it will permit govern-ments to finance budget deficits without sapping the system by taking bank loans when they choose at whatever interest they choose (far below high market rates)—a practice that, in recent years, has caused severe strains on commercial

banks. Second, the new Bills should encourage personal and institutional savers to shift out of sixmonth to one-year accounts (Portugal's favourite type of savings)— -on which banks now must pay 29 per cent interest but because of hefty capital tax of some 8 per cent yield only 21 per cent to the customer—into Treasury paper.

Banks that offer cash management accounts are expected to invest heavily in high-earning Treasury Bills on customers' behalf. The Bills have the added incentive of interest paid by the government not banks who, at present, suffer from too many

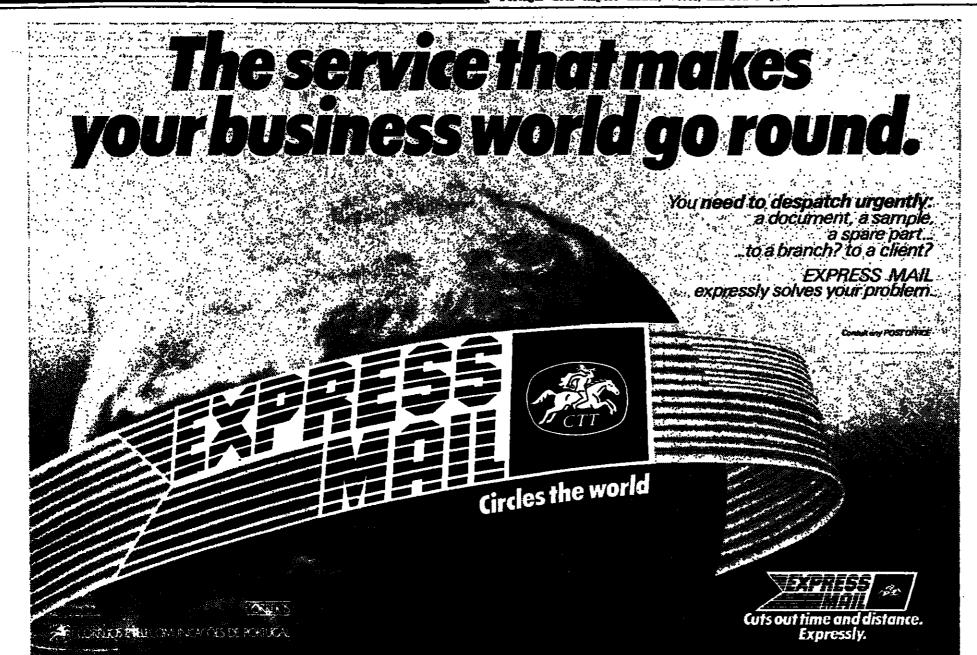
deposits and too little lending. A shift from oversubscribed deposits to Treasury Bills will permit the government to lower exorbitant interest on lending. now six points ahead of year-on inflation and on heavily-taxed interest on deposits, thus encouraging borrowers and, the authorities hope, improving profitability for banks who have bloated cashflow and shrunken profits.

Further, the Treasury Bills will be useful instruments for the new unsupervised interbank money market and overnight market that should soon come into force along with a spot interbank foreign currency market.

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room of a cable factory in Oporto, northern Portugal. Industrial jobs are at a premium throughout the country as the working population shifts away from agrarian centres to the coastal districts

Bid for access to EEC funds

in Vila Real in the north.

Ineffectual

Although regional develop-

ment policy first emerged as a government concept in the

Regional development FRANK GRAY

MOZAMBIQUE recently urged Portugal to send whatever it could to aid its ailing former

colony.

With Portugal's own government once again in a state of political comcollapse some political com-mentators have suggested Lisbon would do well to dis-patch the country's politicians —all of them—on a one-way trip to Maputo.

Nowhere is this feeling stronger than in mainland Portugal's five regions and on Madeira, where regional deve-lopment officials have decided to bypass the Lisbon Govern-ment in their bids to obtain EEC support money for development projects.

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No. of Lond

At stake is access to Ecu 300m per year of EEC runds designated specifically to support the

Disbursement of those funds depends on two factors — the receipt and assessment by Brussels of the regional reports themselves and the establishment of an appropriate conduit through Lisbon for the equitable distribution of the funds.

Initiatives

Normally, Lisbon itself would present the full regional deve-lopment package to Brussels itself, but in the absence of an regions, led by the highly-populated and industrialised north, have decided to take their own initiatives.

the guiding theme of regional of its more antiquated sectors development policy. Currently are phased out. Pumping more at an official national rate of money into saving jobs would

at an official national rate of 10 per cent, it is estimated that the true figure is about 8 percentage points higher, softened only by the emergence of a busy black economy in recent years.

But within the regions themselves, there is growing emphasis on the need to create employment opportunities in the employment opportunities in the more remote districts. In Portugal, this means in the foothills and mountainous areas that traverse the entire 500-mile length of the country along its borders of the country along its borders with Spain.

with Spain.

Many communities, such as Braganca in the north and Castelo Branco in the central region were once busy agrarism.

coastal districts.

But industial jobs are at a premium, and migration to the Colonies or abroad is no longer the option it once was before the 1974 Revolution put an end

to the Portuguese empire. According to Sr Luis Valente de Oliveira, president of the Regional Co-ordination Commission of the North, the estab-lishment of a regional policy has required close and con-tinuous dialogue with dozens of communities and districts.

The region has had to take close stock of its assets, and establish priorities as to those sectors to which investment can be most usefully applied.

For the north, he favours establishment of a series of regional industrial estates—indeed, the north is the only region where the industrial estate concept has worked, mainly around Braga, 50 miles north-east of Oporto. These are being based on the region's productive capability. .

1960s, at the time of the dicta-tor Antonio Salazar, it has remained largely ineffectual, Sr Madureira notes, and the advent of democracy after 1974 has done little to help its evolution. The region also wants to set up research centres for the timber industry and associated wood products as well as the metallurgical sector. It already has established similar centres for the highly-successful footwear and cork industries and for textiles, the country's largest industrial sector.

As part of its process of defining what is a viable industry and how best to use indigenous resources, it commissioned a series of vlability studies, one of which was with Coopers and Lybrand of the UK. But as Sr Valente points out, high volume employment is no answer in itself, rather it is the quality of employment that matters. The textile sector, which employs 300,000, for example, is starting to undergo

start up in 1986;
The concept behind Sr
Valente's programme for the
norst is backed by Sr Luis
Madureira Pires, services
director for the European Integration Secretariat in Lisbon. centres that have fallen into He points out that some 20 decline as the working population shifted to the industrialised benefit from EEC funds, and

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The choice ranges from sesside spartments with fascinating see views to magnificent mensions in the countryside and from fairy-tale castles to realistic commercial propositions

The troubles centre on the Secretariat of Planning, which reports to the Ministry of Fin-ance, and the Regional Developadds that universities exist in Faro in the Algarve region, Evora in the Central Region and But he emphasises that regional development cannot ment Secretariat, which is part of the Interior Ministry.

regional development cannot work without major efforts to improve infrastructure, such as telecommunications and roads. In a small way, this is being helped by European Investment Bank Ioans which are helping fund a major high way widening project between the Spanish border through Brangança to Oporto in the north, as well as highways within Portugal such as the road between Oporto and Lisbon. argues that Finance is the proper channel for handling development funds, whereas the Regional Development group argues that it is best-placed to know about equitable distribution of such funds.

It fears that Finance Department administration of the funds will only lead to an im-balance in favour of the Lisben and Tagus River region, whose heavily-subsidised industries, it is argued, are the source of so much of the country's economic

Sr Valente rather satisfically points out that the problem is being settled in the usual Portuguese way—through the establishment of a special tripartite commission between the Interior and Treasury Ministries in co-operation with the Economic Co-operation Department.

Only EEC accession has served to bring pressure to bear on the Lisbon bureaucracy to sort out its inter-departmental the most important financial instrument for our regional de-velopment policy that we can squabbles and establish a proper mechanism to handle regional development funds development funds have. How we administer it dissemination in will be a test of the success of

Business set to beat record

Tourism FRANK GRAY

WHILE THE influx of foreign tourists to Spain is down sharply this year, business in neighbouring Portugal is better than ever and looks certain to exceed the 1984 record year of 9m visits. Once again, it was the British, the most important of Portugal's long-term visitors, who led the way; a total of 769,000 visited Portugal last year, 12.2 per cent up on the previous

per cent up on the previous

Figures for the first four months this year are up another 9 per cent over the same period

The rise more than offset small decines for German and French visitors, which historic-ally compete in the number two position. West German tourists to Portugal totalled 344,070 last year, while French tourists totalled 326,000.

year before.

Numbers from the Nordic countries, climbed by 13 per cent to 160,000, with Sweden leading the way at 71,000

visitors.

But the one statistic that has the Portuguese National Tourist Office in Lisbon talking most is the sheer volume of people coming from Spain, Mainly comprising day visitors or overnight stays, the Spanish influx has continued to grow in double figures, and last year climbed 12 per cent to 7.4m.

If the nature of Spanish tourism begins to change and transfer itself to long-term business as it has with UK, German and U.S. visitors, then the industry's turnover from tourism could reach unexpected heights.

heights.
Many believe this is actually beginning to happen now, and will accelerate as the two countries — which historically have traded very little (French, indeed, is Portugal's second language, not Spanish)—get to know each other better as a result of their joint accession to the EEC.

to the EEC.

In fact, given the 10 per cent rise on total tourist visits last year, turnover soared to Esc 140.4bn, up from Esc 93bn the year before. Western Europe's contribution to this was Esc 82.2bn, up from the artivities of timeshare Esc 58.8bn in 1983, while the use of timeshare organisations selling condominium data and apartments.

As one brochure puts it times able share with an Esc 50bn As one brochure puts it, time-contribution to the tourism sharing is where "you can account, up from Esc 31bn retain the use of your asset account, up from Esc 31bn.

Two factors have contributed during the investment,"
to these results. One ds the weak value of the escudo against nearly all the currencies of Portugal's main trading partners retain the use of your asset during the investment,"
One group, Gulf Leisure, is offering timeshare properties near the Algarve's Praia da Portugal's main trading partners mean the use of your asset during the investment,"
One group, Gulf Leisure, is offering timeshare properties.

Rocha at 2bout £2,000 per unit

The second is that the quality of tourism compared with such countries as Spain and Italy from Faro itself, the gateway to the Algarve coast, and Albu-feira, the centre of high volume tourism, Portugal's entrepre-neurs have been dissuaded from plumping for high-rise hotels on a scale common to other parts of southern Europe.

The majority of tourists head for the Algarve Coast, which takes the vast bulk of tourists, with the rest going to Greater Lisbon and a small but growing proportion—10 per cent in all—finding their way to the Douro River region of Northern Portugal

Portugal,
Another factor is renewed development in the Algarve.
The impetus is coming from developers of resort estates, where villas rather than hotels are the characteristic holiday retreat. The point was made in an Albufeira newspaper not long ago, when the local hotel association complained that while there were more tourists than ever, there seemed to be less custom for hotels and More than 209,000 Americans. less custom for hotels and proportionally the biggest restaurants—in effect more spenders of all, arrived in people were dining beside the Portugal, 12 per cent up on the

Controls

The modified controls that exist on ownership are aimed at curbing property speculation and rampant building and, because of tight money within Portuguese banks, the financing must come from abroad.

In effect, with the right finan-cial leverage and a willingness to abide by the rules, foreign investors are welcome.

It is this changed atmosphere that has led numerous developers to put their resources developers to put their resources into building resort complexes in the Algarve. One of these is the 2,000 acre Quinta do Lago near Faro being revived by Sr Andre Jordan, whose original plans in the 1970s were put on ice for nearly eight years. But others, from the massive Villa Moura, much favoured by German tourists, to numerous smaller estates, such as Sao Rafael and the Aldeia Mourisca continue to develop.

Prices for two and three bed-

Prices for two and three bedroom villas, most of them built in stylised Moorish design, range from £35,000 to £60,000, some featuring individual pools

per week purchased.

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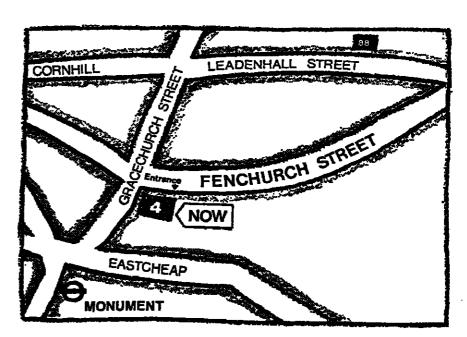
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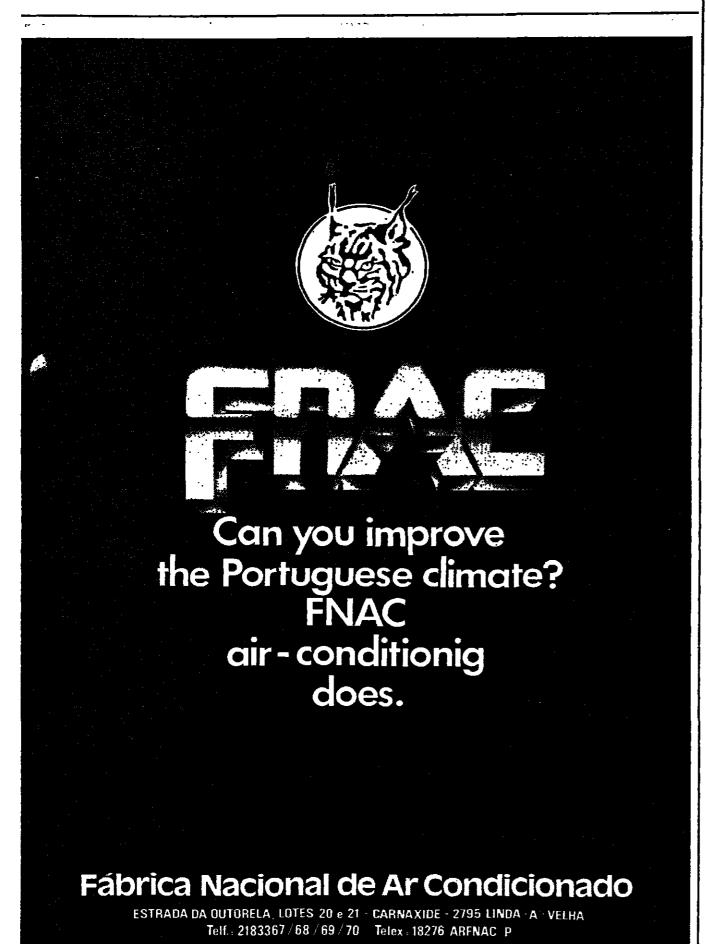
PORTUGAL 6

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Quiet move to quality market

Port wine FRANK GRAY

WHEN Michael Symington steps down some time in the next year as joint managing director of Dow's Port, he will be succeeded by his son Paul, currently the firm's sales

It will, of course, repre sent an injection of freshness into a part of the wine trade that is probably more steeped in tradition that any ther in the world.

But to those who cosely follow the business affairs of the largely British and Portuguese families which dominate the port wine industry, it will be just another sign of the continuity and renewal

exclusive distinction.

The Symington family—
there are seven members in
the trade—are responsible for
13 per cent of Portugal's port
wine output—which last year
totalled 664,600 hectolitres,
2 percentage point up on
1983. They do so under a
family of names, many of
which were acquired through
takeovers and mergers over
the years. The oldest of
these is Warres, which is a
315-year-old firm, as well as
Dow, Grahams, Quarles Harris, Smith Woodhouse and
Gould Campbell.

The change within the Symington group coincides with a sharply higher profile being taken by the industry as a whole, aimed at reaching middle class consumers.

The industry's attitude also flects the quiet revolution reflects the quiet revolution that has been taking place on the Douro River for more than a decade—a movement of port wine from "bulk" production into a higher-quality botted drink that may be consumed, especially if it is dry and white, before meals as well as afterwards.

Export of botled pert last year comprised 77 per cent of all everseas shipments, up from 67 per cent in 1983 and

Virtually all the shippers have invested heavily in new the major producers such as the Royal Oporto Wine Com-pany, the country's largest, and Sandemans, which vies with the Symington group for second place.

Vintage

But this expansion even extends to such smaller con-cerns as the Quinta do Novai group headed by the brother-sister team of Cristiano and Teresa van Zeller.

Although both are in their twenties, they are at the helm of another old port wine firm, one that has long focused on the "vintage" market, but which is seeking to broaden its base.

Vintage ports apart, the improved quality and range of the standard ports has meant greater earnings. Turnover for the industry last year rose by 26 per cent. The value of vintage port has trebled in the last eight years.

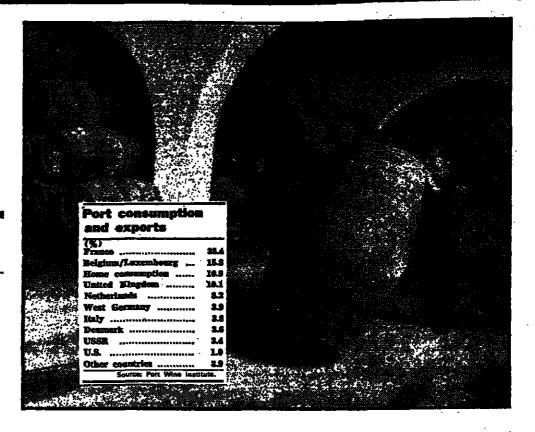
This comes as a Godsend when set against the industry's limited capacity to charply boost output. Port wine shippers must, by law, maintain three times the wine in stock as they are allowed to put on the market. As Mr Symington points out, this ensures that those selling port have a stake in the business.

Port wine shippers have responded optimistically at Portugal's entry into the EEC Fortugal's entry into the EEC and believe it will have a positive effect on sales. There will be a modest easing oftariffs for port. Portugal also will get a gigantic free ride promotionally as a nation within the Community, with some spin-off effect for its most famous wine.

Sr Van Zeller said that it could also mean an easing in production costs. Portugal must now buy all its brandy— 12m litres per year—from the Portuguese Government, much of it at prices four to five times higher than brandy obtainable from France or

It is the Lisbon Government It is the Lisbon Government which sets the brandy price by law, largely on the strength of subsidies paid to the country's generally inefficient table wine producers whose excess production is released for distillation.

As Sr Van Zeller notes, free access to French brandy for blending with port wine could save the industry millions of dollars a year, but it could be several years before the Douro Valley's port producers are given a clear decision on this.



Brussels aid will bring far-reaching changes

PORTUGAL'S LONG isolation prices and trading monopolies. from the European mainstream Proximity to the Community has enabled it to cling to trahas enabled it to cling to traditional farming practices which
ensure that while about 30 per
cent of the active population
lives off the land, the country
has to import 60 per cent of its
food and animal feeds.

Measurelle prices paid to

Prices will be adjusted down-

above EEC averages.

There is a myth dear to nationalistic politicians that Portugal can be a grain belt, producing all the wheat it consumes—now about 1m tonnes a year. To them, the answer lies not in the soil but in self-persuasion.

Experts closer to the reality of soil and climate insist that in wheat, under perfect soil conditions in perfect weather, the country might reach a maximum 700,000 tonnes.

Since this is Portugal not Erewhon, a top 1984 wheat har-vest after good autumn and spring rains yielded 400,000 tonnes. The rest was imported from the U.S., for which Portugal is its second largest grain

Briefly considered so under-developed that it qualified for the drop in unrealistic prices. grain aid, Portugal still benefits from concessionary loans under the U.S. Commodities Credit Corporation facility which allows repayment of grain purchase loans over three years instead of six months.

An entrenched grain pur-chasing monopoly, EPAC, handled imports, acquisition at government-fixed prices of locally-grown grain, storage and (often inefficient and tardy) distribution of seed.

The ritual might have con-tinued for ever had Portugal not applied to join the EEC, which has firm ideas about sources of grain imports, farm

food and animal feeds.

Meanwhile, prices paid to farmers for often low-quality produce are 15 to 60 per cent above EEC averages.

There is a myth dear to nationalistic politicians that the prices are unaturally high in Portugal because costs, for equipment, feedstock, fuel and so on, have seen far more than EEC Prices will be adjusted downrisen far more averages.

Agriculture DIANA SMITH

A 700m ECU agricultural aid programme, unique in the history of EEC accessions, will be funnelled into Portugal's agriculture over 10 years and spread to all facets of farming. These include infrastructure, including the improvement of and oilseed client.

For the past decade the American connection has made up the difference between low yields in wheat, corn, barley spields in wheat, corn, barley broduce higher yields and other grain, and demand.

Briefly considered so under-cost, thus gradually offsetting the desired product in product on the product of the decade and better quality at more economic cost, thus gradually offsetting the decade and the product of the decade and better quality at more economic cost, thus gradually offsetting the decade and the product of the decade and the product of the product of the product of the product of the past decade the including the improvement of dreadful rural roads, marketing, including the improvement of dreadful rural roads, marketing, farmers to help themselves are produced by the past decade the including the improvement of dreadful rural roads, marketing, farmers to help themselves produce higher views and the product of the past decade the including the improvement of dreadful rural roads, marketing, farmers to help themselves produce higher yields and other grain, and demand.

> By degrees, EPAC's monopoly will cease with 20 per cent liberalisation of grain imports in 1986, the first year of EEC accession where suppliers will allowed to bid for grain orders. New would be suppliers on the scene, EEC grain pro-ducers, will be given a strong position in the bidding.

In animal feeds, the U.S. stronghold in oilseeds has undergone some incursions from the surprising direction of Thailand, which last year exported 140,000 tonnes of mandice, cheaper than U.S. corn, for feed.

Improved pasturage, one of the benefits that access to EEC farming methods is expected to bring, will in due course lower imports of animal feed. Until then imports will be heavy—
in the latter half of 1984
Portugal imported 1.6m tonnes
of corn from the U.S., whose
technicians and aid funds for the past five years have been trying to help small farmers to apply lime to their acid soil and learn to produce more and better corn than the one man-one cornstalk system on which much of the North thrives.

The drama of Portuguese agriculture is that while other European countries invested in farming improvements, Portugal lay fallow. To catch up to EEC standards of quality, homogeneity of shape, weight and size of fruit and vegetables, standards of meat, poultry and dairy production, will require far more than the 700m Ecu aid and a decade of technical assistance, however intensive.

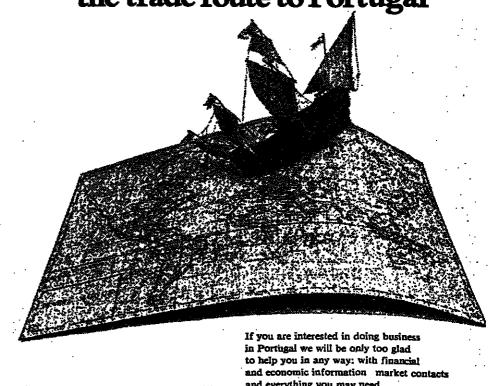
That is because the overwhelming majority of Portu-guese farmers are alien to the market system in methods and attitudes. The 900,000 scratch, or part-time, farmers add up to chronic migraine for technicians and others trying to promote change.

They know that the only way to shift the country's agriculture into more productive gear is to persuade a generation of individualistic and fatalistic people-who have little if any representation, exchange of information or in many cases will to change—that profitability and productivity are SYDORYMOUS.

. .

This means curing the habits of centuries when the word " competition " was absent from the farming language. The therapy will be long, painful and as hard on the theranists as the patients.





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